CBSE Class 12 Business Studies Question Paper 2022 with Solution PDF-Set 66/4/3

Question Paper with Solutions

Conducted by the Central Board of Secondary Education (CBSE)

Time Allowed: 2 hours **Maximum Marks: 40**

General Instructions

(i) This question paper contains **12** questions.

(ii) Questions Number **1 – 4** are of **2** marks. These are Short Answer Type Questions and are to be answered in 30 – 50 words.

(iii) Questions Number **5 – 8** are of **3** marks. These are Short Answer Type Questions and are to be answered in 50 – 80 words.

(iv) Questions Number **9 – 12** are of **5** marks. These are Long Answer Type Questions and are to be answered in 80 – 120 words.

(v) There is no overall choice in the question paper. However, internal choice has been given in **1** question of **3** marks and **2** questions of **5** marks.

(vi) This question paper contains Case/Source Based questions.

1. 'Staffing is considered as a very important managerial function in all types of organisations.'
In the light of the above statement, state any two benefits of staffing. [2 marks]

Solution:

Concept:

- Staffing is the managerial function of filling and keeping filled the positions in an organisation structure with suitably qualified people.
- Its importance lies in matching people with jobs and developing their competence so that human resources contribute effectively to organisational objectives.

Step 1: State the benefit of obtaining competent personnel **Obtaining competent personnel:** Staffing helps in discovering and obtaining competent personnel for various jobs. By identifying the requirements of a position and selecting a person with the appropriate qualifications and abilities, an organisation acquires the human resources needed to perform its activities effectively.

Step 2: State the benefit of higher performance **Ensuring higher performance:** Staffing puts the right person on the right job. Matching an employee's abilities with the requirements of the job enables the employee to work efficiently and use his or her skills properly, thereby improving individual as well as organisational performance.

Step 3: Conclusion Two benefits of staffing are obtaining competent personnel for different jobs and ensuring higher performance by placing the right person on the right job.

Quick Tip to Solve: Link each benefit to its effect: finding competent people builds capability, while matching people to jobs improves performance.

2. Virat has 2500 shares of Suraj Bulb Ltd. He received an offer from Suraj Bulb Ltd. to purchase two shares for every ten shares held by him.
Identify and explain the method of floatation of new issue reflected in the above lines. [2 marks]

Solution:

Concept:

- A rights issue is a method of floatation in the primary market in which a company offers new shares to its existing shareholders.
- The offer gives existing shareholders the privilege to subscribe to new shares in proportion to the shares already held by them, before offering the issue to outsiders.

Step 1: Identify the method from the offer The method is a **rights issue**. Virat is already a shareholder, and the company offers him "two shares for every ten shares held by him." The offer is therefore linked to his existing shareholding, which is the distinguishing feature of this method rather than an offer to the general public.

Step 2: Explain how the method operates Under a rights issue, the company offers additional shares first to its existing shareholders on a proportionate basis. They have the privilege to subscribe to these new shares according to the specified ratio. Here, the ratio is two new shares for every ten existing shares, so Virat's holding of 2500 shares entitles him to an offer of 500 additional shares. This is an

entitlement to subscribe, not a compulsory purchase.

Step 3: Conclusion Suraj Bulb Ltd. is using a rights issue: new shares are offered to its existing shareholders in proportion to their current holdings, as shown by the two-for-ten offer to Virat.

Quick Tip to Solve: An offer to existing shareholders in a stated proportion of their current holdings signals a rights issue.

3. Identify and state the step of selection process which helps the Human Resource Manager in eliminating unqualified job seekers on the basis of information supplied in the application form. Also, list the next two steps involved in the process of selection. [2 marks]

Solution:

Concept:

- Selection is the process of choosing the most suitable candidate from applicants for a job. Its successive stages eliminate unsuitable candidates and assess those who remain.
- Preliminary screening is the first step in selection; it uses the information supplied in application forms to check whether applicants meet the basic requirements of the job.

Step 1: Identify and state the screening step The step is **preliminary screening**. It helps the Human Resource Manager eliminate unqualified or unfit job seekers on the basis of information supplied in their application forms. Applications are examined against the basic job requirements, and candidates who lack the necessary qualifications are screened out before the more detailed assessment stages. The clue is "eliminating unqualified job seekers on the basis of information supplied in the application form."

Step 2: List the next two steps in sequence The next two steps are: **(1) Selection tests** and **(2) Employment interview**. Selection tests assess relevant characteristics such as intelligence, aptitude, personality or existing skills. The employment interview is a formal conversation used to evaluate the applicant's suitability and obtain further information. Thus, tests follow preliminary screening and the employment interview follows the tests.

Step 3: Conclusion The identified step is preliminary screening. The next two steps are selection tests, followed by the employment interview.

Quick Tip to Solve: Remember the opening sequence: application screening, selection tests, then employment interview.

4. 'Analysing deviations' and 'taking corrective actions' are the steps in the process of one of the significant functions of management. Identify the function and list the first three steps of the process of the function identified. [2 marks]

Solution:

Concept:

- Controlling means ensuring that activities in an organisation are performed according to plans. It compares actual performance with predetermined standards and initiates correction where required.
- The controlling process follows a definite sequence: standards must exist before performance can be measured and compared with them.

Step 1: Identify the management function The function is **controlling**. The expressions 'Analysing deviations' and 'taking corrective actions' identify it because deviations are differences between actual performance and planned standards. Management examines these differences and removes their causes to bring performance back in line with plans.

Step 2: List the first three steps in order **1. Setting performance standards:** Establish the benchmarks against which actual performance will be judged.

2. Measurement of actual performance: Measure the performance actually achieved through suitable methods.

3. Comparing actual performance with standards: Compare the measured results with the benchmarks to discover deviations. Analysing deviations and taking corrective action follow these three steps.

Step 3: Conclusion The function is **controlling**. Its first three steps are setting performance standards, measurement of actual performance, and comparing actual performance with standards, in that order.

Quick Tip to Solve: Remember the controlling sequence as set, measure, compare, analyse and correct; the first three steps prepare the ground for examining deviations.

5. GDFS Limited are the manufacturers of consumer goods. The demand for their products was continuously declining after the outbreak of COVID-19. In spite of fall in demand, the company assured its employees that no worker will be retrenched from the job. Name the category of incentive and the incentive offered to the employees. Also explain any two more incentives of the same category. [3 marks]

Solution:

Concept:

- Non-financial incentives focus on psychological, social and emotional needs rather than direct monetary benefits. They motivate employees through such factors as security, recognition and status.
- Job security provides assurance of stability of employment and future income. It helps employees work with greater enthusiasm when they are not preoccupied with the fear of losing their jobs.

Step 1: Identify the category and the incentive in the case The category is **non-financial incentives**, and the particular incentive is **job security**. The decisive case line is that the company 'assured its employees that no worker will be retrenched from the job'. This assurance, despite declining demand after COVID-19, reduces employees' fear of unemployment and satisfies their need for security. It is an assurance about continued employment rather than a cash reward.

Step 2: Explain two other non-financial incentives **1. Status:** Status refers to the ranking of positions in an organisation. The authority, responsibility, rewards, recognition and prestige associated with a position can satisfy an employee's psychological and social needs. A position carrying greater prestige and recognition can therefore motivate an employee to perform better.

2. Employee recognition programmes: Recognition means acknowledging and appreciating work performed by employees. Appreciation for good performance, a certificate of achievement, or recognition of an employee's contribution in front of colleagues can meet the need for esteem and encourage continued effort. Recognition should be linked to the employee's actual achievement.

Step 3: Conclusion GDFS Limited offers **job security**, a **non-financial incentive**, through its assurance against retrenchment. Two other incentives in this category are **status** and **employee recognition programmes**.

Quick Tip to Solve: Match an assurance of continued employment with job security. For other non-financial incentives, choose benefits that satisfy psychological or social needs and explain how each motivates.

6. State any three points of importance of Financial Planning. [3 marks]

Solution:

Concept:

- Financial planning estimates the funds a business will require and determines their sources, so that sufficient finance is available at the right time.
- It seeks to avoid both a shortage of funds, which interrupts operations, and unnecessary excess funds, which remain idle and reduce returns.

Step 1: Explain preparation for the future **Helps in forecasting what may happen in future:** Financial planning estimates future financial requirements in the light of expected sales, operating expenditure and investment needs. It enables the business to prepare for future situations rather than arranging finance only when a payment becomes due. This preparation helps the firm face eventualities and meet its obligations on time.

Step 2: Explain coordination of business activities **Helps in coordinating various business functions:** Production, purchasing, marketing and other departments all need funds to implement their plans. Financial planning links these requirements with the finance available to the organisation. Consequently, the plans of different departments can be coordinated and carried out without one department's financial needs disrupting another's activities.

Step 3: Explain the link with investment and financing decisions **Provides a link between investment and financing decisions on a continuous basis:** A proposal to invest in assets creates a corresponding need to arrange finance. Financial planning relates the amount and timing of an investment to suitable

sources of funds. Thus, the firm can decide how its proposed investments will be financed and keep reviewing this relationship as its requirements change.

Step 4: Conclusion Three points of importance are preparation for future financial situations, coordination of business functions, and a continuous link between investment and financing decisions.

Quick Tip to Solve: For each point, connect the financial plan to a specific benefit: readiness for future needs, coordination between departments, or matching investments with funds.

7. Abhishek Limited is engaged in manufacturing of Air Purifiers. The target production is 500 Air Purifiers in a week. Over the last few months, it has been observed by the Production Manager that the weekly production target was not achieved.

Identify the function and explain any two points of its importance. [3 marks]

Solution:

Concept:

- Controlling means comparing actual performance with predetermined standards, identifying deviations and taking corrective action to ensure that organisational goals are achieved.
- A production target is a standard of performance. Failure to achieve that target indicates a deviation which the manager must investigate and correct.

Step 1: Identify the management function from the case The function is **controlling**. The statement that "the target production is 500 Air Purifiers in a week" establishes the performance standard. The observation that "the weekly production target was not achieved" shows a comparison of actual output with that standard and the discovery of an unfavourable deviation. The Production Manager must analyse its causes and take suitable corrective action; the case does not itself state what those causes are.

Step 2: Explain accomplishment of organisational goals **Accomplishing organisational goals:** Controlling measures progress towards the goals of the organisation, brings deviations to light and indicates the corrective action needed. In this case, monitoring actual weekly output against the target of 500 air purifiers alerts the manager to the shortfall. Correcting the causes of the shortfall helps bring production back towards the planned target.

Step 3: Explain efficient use of resources **Making efficient use of resources:** Through controlling, each activity is performed in accordance with predetermined standards and norms. This helps reduce wastage and spoilage and promotes effective use of human and physical resources. Examining production performance can help the manager locate inefficient use of resources and improve their utilisation, without assuming that a particular inefficiency has already been established in the case.

Step 4: Conclusion The function is controlling. Two points of its importance are accomplishing organisational goals and making efficient use of resources.

Quick Tip to Solve: A stated target followed by an observation of actual performance signals controlling. Quote both clues before explaining the benefits of the function.

8(a). State any three features of motivation. [3 marks]

Solution:

Concept:

- Motivation is the process of stimulating people to act in a desired manner to accomplish organisational goals. It explains why a person is willing to put effort into work.
- Under the directing function, managers recognise employees' needs and use suitable incentives to encourage goal-oriented behaviour. The features describe the nature of motivation, rather than its importance.

Step 1: State its internal nature **Motivation is an internal feeling:** The urge to act arises within an individual. Needs, desires, aspirations and feelings influence behaviour. A manager can offer incentives and create favourable conditions, but the employee's own unsatisfied need generates the drive to respond. For example, the desire for recognition may encourage an employee to improve performance.

Step 2: Explain its direction towards goals **Motivation produces goal-directed behaviour:** It induces a person to act in a particular way to achieve a desired goal. A motivated employee directs effort towards work because achieving the target can help satisfy a personal need. The manager seeks to connect such individual goals with the objectives of the organisation.

Step 3: State its changing character **Motivation is a complex process:** Individuals differ in their needs, expectations, perceptions and reactions. Therefore, the same incentive does not motivate everyone equally, and an incentive effective today may not remain effective later. Managers must understand employees and choose incentives appropriate to their varying needs.

Step 4: Conclusion Three features are that motivation is an internal feeling, produces goal-directed behaviour, and is a complex process because individuals and their needs differ.

Quick Tip to Solve: For features of motivation, explain what motivation is like: an inner urge, a direction towards goals, and a process that varies between people. Do not substitute its benefits.

OR

8(b). Identify the function of management which is concerned with instructing, guiding, counselling, motivating and leading people in the organisation to achieve its objectives. Also, state any two features of the identified function of management. [3 marks]

Solution:

Concept:

- Directing is the management function concerned with instructing, guiding, counselling, motivating and leading people to achieve organisational objectives.
- Planning decides the course of action, organising establishes work relationships, and staffing provides suitable personnel. Directing activates those arrangements by influencing people to perform their tasks.

Step 1: Identify the function from its activities **Directing:** The function described is directing. The phrase "instructing, guiding, counselling, motivating and leading people" identifies it because all these activities help employees understand their duties, develop willingness to work and move towards organisational objectives. Directing deals directly with people and their behaviour while work is being carried out.

Step 2: Explain how directing begins performance **Directing initiates action:** The other managerial functions prepare the conditions for work, but directing starts actual performance. Through instructions, guidance, motivation and leadership, a manager encourages employees to put plans into practice. Thus, a prepared plan and a staffed position become purposeful activity when the manager directs the employees concerned.

Step 3: Explain its presence throughout management **Directing takes place at every level of management:** Every manager has to guide and motivate subordinates. Top-level managers direct middle-level managers, middle-level managers direct supervisors, and supervisors direct workers. The nature of the guidance may differ with the level, but directing is required wherever a superior-subordinate relationship exists.

Step 4: Conclusion The identified function is directing. Two of its features are that it initiates action and takes place at every level of management.

Quick Tip to Solve: The cluster of words "guiding, motivating and leading" signals directing. After identifying it, state features of the whole function rather than features of motivation alone.

9(a). 'Technology upgradation' and 'Level of collaboration' affect one of the types of capital requirements of the company. Identify the type of capital requirement affected with reference to the above statement. Also, explain any other two factors, apart from the ones stated above affecting the type of capital requirement identified. [5 marks]

Solution:

Concept:

- **Fixed capital:** Fixed capital means the funds invested in long-term assets such as land, buildings, plant and machinery. These assets serve the business for more than one accounting period.
- **Factors affecting the requirement:** Fixed capital requirements depend on the nature and scale of operations, the technique of production, technology upgradation and other long-term investment needs of the enterprise.

Step 1: Identify the type of capital requirement The type is **fixed capital requirement**. The words 'Technology upgradation' point to investment in long-term assets: businesses whose technology becomes obsolete quickly need funds to replace their plant and machinery more frequently. The words 'Level of collaboration' also concern fixed assets: sharing facilities with other organisations can reduce the funds each enterprise must invest in its own facilities. Both clues therefore relate to fixed capital, rather than funds needed for routine day-to-day operations.

Step 2: Explain the nature of business as another factor **Nature of business:** A manufacturing concern generally requires more fixed capital because it must invest in production facilities such as a

factory, plant and machinery. A trading concern purchases and sells finished goods and does not need to establish the same manufacturing facilities; consequently, its fixed capital requirement is generally lower. Thus, the kind of activity undertaken determines the long-term assets the enterprise needs and the amount it must invest in them.

Step 3: Explain the scale of operations as another factor **Scale of operations:** An organisation operating on a large scale requires more fixed capital than an organisation operating on a smaller scale, other things remaining the same. Large-scale operations need a bigger plant, more production equipment and greater space and supporting facilities to handle the higher volume of business. A small-scale enterprise can work with comparatively fewer such assets, so it needs a smaller investment in fixed assets. Expansion in the scale of operations therefore increases the fixed capital requirement.

Step 4: Conclusion The capital requirement identified is **fixed capital**. Apart from technology upgradation and level of collaboration, **nature of business** and **scale of operations** affect it: manufacturing activities and larger operations generally require greater investment in long-term assets.

Quick Tip to Solve: Link replacement of machinery and sharing of facilities to fixed capital. For each additional factor, state which type of business needs more fixed assets and explain why.

OR

9(b). When the 'Return on Investment' of the company is higher than 'Interest Rate on debt', it can use more debt in the capital structure of the company in order to increase its 'Earning Per Share'. Explain the given situation with the help of a suitable example. [5 marks]

Solution:

Concept:

- Financial Management: capital structure is the proportion of debt and equity used to finance a company's business. Debt carries a fixed interest commitment, whereas equity shareholders receive the residual earnings.
- Trading on equity means using fixed-cost sources of finance, such as debt, to increase the earnings available per equity share. It is favourable when the return on investment is higher than the interest rate on debt.

Step 1: Identify favourable trading on equity **Meaning:** The statement describes favourable financial leverage, also called trading on equity. The words "Return on Investment ... is higher than Interest Rate on debt" establish the favourable condition. The investment financed by borrowing earns more than the interest payable on that borrowing, leaving the excess for equity shareholders.

Step 2: Explain why debt can increase earnings per share **Effect on equity shareholders:** Interest is a fixed charge and lenders do not share the additional profit after receiving it. By using debt for part of the same total investment, the company issues fewer equity shares. When the return on the borrowed funds exceeds their interest cost, the earnings remaining after interest and tax are distributed over fewer shares, increasing earnings per share (EPS).

Step 3: Set up two comparable financing plans **Suitable example:** Suppose a company requires Rs

10,00,000 and earns a return on investment of 20%, giving earnings before interest and tax of Rs 2,00,000. Compare Plan A, financed wholly by equity, with Plan B, financed by Rs 5,00,000 equity and Rs 5,00,000 debt carrying 10% interest. Assume equity shares have a face value and issue price of Rs 10, the income-tax rate is 30%, and there are no preference shares. The total investment and operating earnings remain the same in both plans, so the comparison isolates the effect of financing.

Step 4: Compare the earnings available per share **Calculation:** Under Plan B, annual interest is 10% of Rs 5,00,000, or Rs 50,000. Tax is charged on profit after deducting interest. Divide the resulting earnings after tax by the number of equity shares in each plan.

Particulars	Plan A (Rs)	Plan B (Rs)
Equity capital	10,00,000	5,00,000
Debt	Nil	5,00,000
Earnings before interest and tax	2,00,000	2,00,000
Less: Interest	Nil	50,000
Earnings before tax	2,00,000	1,50,000
Less: Tax at 30%	60,000	45,000
Earnings after tax	1,40,000	1,05,000
Number of equity shares	1,00,000	50,000
Earnings per share (Rs)	1.40	2.10

Although total earnings after tax are lower under Plan B, each equity share earns more because the number of equity shares is halved.

Step 5: State the condition and the associated risk **Interpretation:** The 20% return exceeds the 10% debt interest rate, so using debt increases EPS from Rs 1.40 to Rs 2.10. This benefit does not justify unlimited borrowing: interest and repayment commitments increase financial risk. If operating returns fall below the debt interest rate, debt can reduce EPS instead. The company must therefore also consider its ability to meet fixed financial commitments.

Step 6: Conclusion The situation is favourable trading on equity. When investment earns more than the fixed interest cost of debt, borrowing can increase equity shareholders' earnings per share, as the example shows through an increase from Rs 1.40 to Rs 2.10.

Quick Tip to Solve: Keep total investment and operating profit identical in the two plans. Deduct interest before tax, then divide profit after tax by the equity shares, not by total capital.

10. After the outbreak of pandemic COVID-19, Yash Publishing Limited is planning to go digital as the teachers and students are now more interested in E-content. After due consultation with the top management, the company decided to publish E-books. For the same, they hired a recruitment agency to tap the right talent for the job.

The company also approached a well-established university in the city of Indore to recruit qualified personnel for various managerial positions. For the post of E-content writer the company is using shine.com and monster.com.

(a) Identify and explain the function of management highlighted above.

(b) Quoting lines from the above, explain the types of external sources of recruitment discussed in the para.

(c) State any two advantages of external sources of recruitment. [5 marks]

Solution:

Concept:

- Staffing is the management function of finding the right people for the right jobs. It includes estimating manpower requirements, recruitment, selection, placement and orientation, training and development, performance appraisal, promotion and compensation.
- Recruitment means searching for prospective employees and stimulating them to apply for jobs. External recruitment attracts candidates from outside the organisation, including through placement agencies, educational institutions and internet recruitment portals.

Step 1: Identify and explain the management function in part (a) The function is **staffing**. Yash Publishing Limited needs suitable people for its digital publishing activities. The words "they hired a recruitment agency to tap the right talent for the job" show that it is obtaining human resources to fill organisational positions. Staffing puts people into the jobs provided by the organisation structure and ensures that competent personnel are available when required. Recruitment is a step within this broader function; merely deciding to publish E-books is a planning decision, whereas securing the people to implement it is staffing.

Step 2: Explain the external recruitment sources in part (b)

- **Placement agencies and management consultants:** The company "hired a recruitment agency to tap the right talent for the job." Such agencies maintain information about job seekers, match candidates' qualifications with an employer's requirements and recommend suitable applicants. They provide specialised recruitment services, generally for a fee, and help an organisation obtain appropriate personnel.
- **Campus recruitment:** The company "approached a well-established university in the city of Indore to recruit qualified personnel for various managerial positions." Here the employer contacts an educational institution to recruit suitable students or graduates. Universities, professional colleges and management institutes provide a pool of qualified candidates from which organisations can recruit.
- **Web publishing:** "For the post of E-content writer the company is using shine.com and monster.com." These specialised employment websites publish vacancies and enable employers and job seekers to exchange information. Candidates can search for suitable jobs and submit their details

online, while the employer can reach applicants beyond its immediate locality.

Step 3: State two advantages of external recruitment in part (c)

- **Qualified personnel:** External recruitment allows management to attract applicants with the qualifications and skills required for the vacant positions. The organisation can obtain expertise that may not already be available among its existing employees.
- **Fresh talent:** People recruited from outside bring new ideas, knowledge and approaches into the organisation. This broadens the organisation's talent pool and can improve the way work is performed.

Step 4: Conclusion The management function is **staffing**. The three external sources illustrated are **placement agencies and management consultants, campus recruitment, and web publishing**. Two advantages of external recruitment are the availability of **qualified personnel** and the entry of **fresh talent**.

Quick Tip to Solve: Match the recruiting channel to the NCERT term: an agency suggests placement services, a university suggests campus recruitment, and employment websites suggest web publishing. Identify staffing as the overall function and recruitment as one of its steps.

11. Give the meaning of financial market. State any four functions of financial market. [5 marks]

Solution:

Concept:

- Financial Markets: A financial market creates and exchanges financial assets and links savers with users of funds.
- It allocates available savings among competing uses by helping funds move towards productive investment opportunities.

Step 1: Define a financial market A **financial market is a market for the creation and exchange of financial assets**. It brings together households and other savers who have surplus funds and business enterprises or other borrowers who need funds. Through financial instruments, savings can be transferred to those who can use them productively. A financial market need not be a particular physical place; transactions may also take place through communication networks.

Step 2: State the four functions of a financial market

- **Mobilisation of savings and channelising them into the most productive uses:** A financial market facilitates the transfer of savings from savers to investors. It gives savers different investment choices and helps channel surplus funds into productive activities, rather than allowing savings to remain idle.
- **Facilitating price discovery:** The interaction between the demand for and supply of funds helps establish prices of financial assets. Savers supply funds and business firms demand them; their interaction in the market helps determine the price at which financial instruments are bought and sold.
- **Providing liquidity to financial assets:** Financial markets facilitate the purchase and sale of financial assets. An investor can sell an existing investment to another investor and convert it into

cash when needed. This ease of entry and exit makes financial assets more attractive to savers.

- **Reducing the cost of transactions:** Financial markets provide information about securities being traded and bring buyers and sellers together. This saves participants the time, effort and money they would otherwise spend searching for one another and obtaining information, thereby reducing transaction costs.

Step 3: Conclusion Thus, a financial market creates and exchanges financial assets. Its four functions are mobilising and channelising savings, facilitating price discovery, providing liquidity, and reducing transaction costs.

Quick Tip to Solve: Recall the four functions as savings, price, liquidity and cost; give the NCERT heading first and then one sentence explaining how the market performs it.

12(a). Explain the following rights of a consumer as per The Consumer Protection Act, 2019 :

(i) Right to Consumer Education

(ii) Right to Seek Redressal [5 marks]

Solution:

Concept:

- Consumer protection safeguards buyers against exploitation and enables them to make informed decisions and obtain relief for genuine grievances.
- The Right to Consumer Education builds awareness, while the Right to Seek Redressal provides a remedy when a consumer has been wronged.

Step 1: Explain the Right to Consumer Education **Knowledge and awareness:** A consumer has the right to acquire knowledge and to be a well-informed consumer throughout life. This includes awareness of the rights and responsibilities of consumers and the reliefs available under consumer protection law.

Protection against exploitation: Education helps consumers recognise misleading claims and unfair trade practices, read product information and make informed buying decisions. An informed consumer can insist on fair treatment instead of accepting exploitation through ignorance.

Sources of education: Consumer organisations and responsible businesses have an important role in educating consumers. Educational programmes, publications and awareness campaigns help consumers understand how to exercise their rights and where to approach for assistance.

Step 2: Explain the Right to Seek Redressal **Right to obtain relief:** A consumer has the right to seek redressal against unfair trade practices, restrictive trade practices or unscrupulous exploitation. Where goods are defective or services are deficient, the consumer can approach the appropriate consumer dispute redressal commission with a genuine complaint.

Appropriate remedy: The consumer may obtain relief such as removal of the defect, replacement of the goods, refund of the price or compensation for loss or injury, according to the circumstances. Thus, this right makes protection effective by providing a means of correcting the wrong; awareness alone would not restore the consumer's loss.

Step 3: Conclusion The Right to Consumer Education enables a consumer to understand and exercise

rights responsibly. The Right to Seek Redressal enables the consumer to obtain appropriate relief against exploitation, defective goods or deficient services.

Quick Tip to Solve: Link education with knowing and exercising rights; link redressal with complaining and obtaining a remedy. Explain both meanings rather than merely listing their names.

OR

12(b). State any five remedies/reliefs available to a consumer as per The Consumer Protection Act, 2019. [5 marks]

Solution:

Concept:

- The Consumer Protection Act, 2019 provides a redressal mechanism through which a consumer can obtain relief for defective goods, deficient services or unfair trade practices.
- On being satisfied that a complaint is justified, the Consumer Commission can direct the opposite party to take suitable corrective action. A remedy is the actual relief ordered; it is different from a general consumer right such as the right to be informed.

Step 1: State the remedies concerning the goods and the payment Any five remedies or reliefs available to a consumer include the following:

- **Removal of defects or deficiencies:** The opposite party can be directed to remove the defect in the goods or the deficiency in the service. This gives the consumer the quality or standard of performance that should have been supplied in the first place.
- **Replacement of goods:** The defective goods may be replaced with new goods of a similar description which are free from defects. The consumer thereby receives a satisfactory product instead of continuing to use the defective one.
- **Refund of the price or charges:** The opposite party may be ordered to return the price paid for the goods or the charges paid for the service. This returns the consumer's payment when the defective goods or deficient service do not provide the promised benefit.

Step 2: State the remedies concerning loss and unfair practices

- **Compensation for loss or injury:** The opposite party may be directed to pay a reasonable amount as compensation for loss or injury suffered by the consumer due to its negligence. This relief addresses the harm caused to the consumer, beyond merely correcting or replacing the product.
- **Discontinuance of unfair or restrictive trade practices:** The opposite party may be ordered to discontinue the unfair or restrictive trade practice and not repeat it. This stops the objectionable business conduct that gave rise to the complaint and helps prevent its recurrence.

Step 3: Conclusion Thus, five available reliefs are removal of defects or deficiencies, replacement of defective goods, refund of the price or service charges, compensation for loss or injury, and discontinuance of unfair or restrictive trade practices. The appropriate relief is granted according to the complaint established before the Consumer Commission.

Quick Tip to Solve: Remember the action words: repair, replace, refund, compensate and discontinue. State what each order does, rather than listing consumer rights in place of remedies.