

# Consumer Protection in India: Some Issues & Trends

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**Abstract - Indian market today is dominated by the consumerism, particularly after a decade from economic reforms process. It is gradually being transformed from a predominantly sellers market to a buyers market where exercised choice by the consumers depends on their awareness level. Consumer rights could be protected in a competitive economy only when right standards for goods and services for which one makes payment are ensured by evolving a network of institutions and legal protection system. Ensuring consumer welfare is the responsibility of the government as every citizen of the country is a consumer in one way or the other. The present paper attempts an analytical, critical and synthetic examination of “consumer protection in India”.**

**Key words: Goods, Consumer, Consumer protection, Unfair Trade Practice.**

## I. INTRODUCTION

By the nineteenth century consumer came to be used as a counterpoint to the term producer. The nineteenth century view of the consumer has survived in most capitalist democracies. In fact, consumers have a ‘secondary relationship’ with goods and services, because they are forced to live with and through services and goods that they themselves did not create. Thus, the consumer still remains as a ‘marginal group’ in today’s dominant market economy of the world. India is fast being recognized as a major hub for all consumer and businesses goods. The presence and influence of the market has thus grown dramatically in consumer life. Gandhi ji believed “consumer is king” is the king of market. In view of this, many businesses including the late J.R.D. Tata and the late Jammalal Bajaj helped develop an ethical code for business practice, to build bridges between consumers and business. However, the inherent profit motive in mass production and sales also offers the opportunity to many manufacturers and dealers to exploit consumers. Each day, unscrupulous market practices are finding their way into consumer homes, violating consumer rights and jeopardising their safety.

The need for empowerment of consumers as a class cannot be overemphasized and is already well recognized all over the world. The level of awareness of the consumer can be taken as an indicator of the progress of a country. Be it medicines, electronic goods, Fast Moving Consumer Goods or even services rendered – each of these demand that consumers become aware of their rights. In order to safeguard consumer interest, six consumer rights were initially envisioned by consumer rights activists of the West, namely: Right to Safety, Right to information, Right to Choice, Right to Heard, Right to Redress and Right to Consumer Education. In time, two more important rights were added viz.: Right to Basic Needs and the Right to a Healthy and Sustained environment. These two rights are very closely linked with the realities of developing countries where environment plays a very vital role as a resource and support – structure for the people. India has a vast magnitude of middle class population in the world and is the second fastest growing economy after China with an 8% plus average GDP growth rate for the last few years. To tap this huge market large number of national and international marketing companies are operating in the financial, insurance and banking, consumer and durables goods and services related to information and communication sectors. Most of these companies are highly successful in terms of profitability, sales revenue line and even market share and growth rates. Some of the relevant issues concerning the consumers are: High Prices, High Cost of Distribution, Shoddy or

unsafe Products, Product Safety, Harmful and Low benefit Products, Planned Obsolescence, Poor service to the Disadvantaged.

Thus, need was felt to protect consumers from excessive consumerism legally so that they can be protected. Accepting consumer welfare as the responsibility of the government, Consumer Protection Act, 1986, was introduced to protect consumers legally from fraud and deceit during the process of consumerism. A separate Department of Consumer Affairs was also created in the Central and State Governments to exclusively focus on ensuring the rights of consumers as enshrined in the Consumer Protection Act, 1986.

## II. EXPLOITATION OF RURAL CONSUMERS.

With the growth in rural markets and due to poor knowledge about their rights and also to lack of skills to take a rational decision based on information about the product or services, the rural consumer in India is exploited in many ways. The rural consumer has been made to endure sub standard products and services, adulterated foods, short weights and measures, spurious and hazardous drugs, exorbitant process, endemic shortages leading to black marketing and profiteering, unfulfilled manufacturing guarantees and host of other ills. The rural consumers who generally depend on weekly markets to purchase essential things are often cheated due to lack of choice.

The rural consumers in India are generally ignorant and they are also unorganized. Thus, they are exploited by the manufacturers, traders and the service providers in different ways. The rural consumers are not only scattered but also diverse and heterogeneous. As a result of globalization and liberalization the rural market in India is the largest potential market in the world. Thus there are vast opportunities for rural marketing. The manufactures and the traders take advantage of the condition of the rural consumers is deplorable because that are largely exploited in the rural markets on account of lack of competition among the sellers. The rural consumers face various problems like adulteration, short weighing and measuring, lack of safety and quality control in appliances and equipments, electrical and mechanical, unfair warranties and guarantees, imitation, sales gimmicks and unreasonable pricing.

## III. NEED FOR EDUCATION AND EMPOWERMENT

In the emerging scenario it is necessary to protect the rural consumers by educating them about their rights and empowering them to make decisions based on information about the goods and services. Awareness has to be created among the rural consumers. So far the consumer movement has largely been confined to the urban centers, and with the expanding rural markets now the focus has to shift to protect the rural consumer.

However the task is gigantic and therefore it is time to involve the PRI's Panchayati Raj Institutions to reach the rural consumers. The meetings of the Gram sabha's can be utilized as a forum to educate the consumers about their rights and obligations and enhance their knowledge about fake and spurious products. An integrated approach is needed to empower the rural consumers. As the largest consumer base is in the rural areas, protecting the rural consumer has to be a priority in any strategy to protect the consumers.

## IV. CONSUMER ENTITLEMENT AND EMPOWERMENT

**Weight and Measures:** This part of the department has seen the sharpest increase in the level of activity. From a mere Rs. 7.7 crores in the X Plan the outlay has been ramped up to Rs 187 crores in the XI Plan. In the first year of the XI Plan alone an expenditure of Rs. 10.25 crores has been incurred and a further Rs. 23.4crores will be spent in 208-09. The main thrust in this sphere is to modernize the departmental the center and the states. Corresponding investments will also be made in skill up gradation of the personnel. This also proposed to be complemented by a revision in the legal framework and a new Bill-the Legal Metrology Bill, 2008 was introduced in the Rajay Sabha on October 24th, 2008.

**Standards and testing:** The BIS is being strengthened by a scheme for improving the system of National standardization, keeping track of international developments in the fields of standards, better training facilities etc. The total XI plan outlay is Rs. 120 crores as against the X Plan outlay of Rs. 5.75 crores. Changes are also contemplated in the BIS Act, 1986 which has not been amended since inception. These changes are expected to bring in greater flexibility in adapting to the rapidly changing international environment.

The department also has a testing facility called the National Test House (NTH) which has its headquarters at Kolkata and labs in different parts of the country. These labs are being modernized at a total cost of Rs.75 crores in the XI Plan – against the outlay of Rs.25 crores in the X Plan.

## V. CONSUMER AWARENESS AND GRIEVANCE REDRESSAL

**Publicity:** A major thrust is being given to inform consumers about their rights, the way to get their grievances redressed. Going beyond the activities of this department the XI Plan programme will also cover publicity about

other departments like housing telecom, education, energy etc. “Jago Grahak Jago” which has now become widely popular. The total outlay for this activity is Rs. 409 crores as against the X plan outlay of Rs. 148 crores.

**Consumer Protection:** Under this component the various consumer for a would be strengthened by providing buildings, computerization, training. In addition help lines would be set up in the States to guide consumers (there is at present only one National Helpline working at Delhi). The total outlay for these activities is Rs.185 crores against the X Plan outlay of Rs 90 crores. The Plan activities are also proposed to be complemented by amending the Consumer Protection Act. **Non Plan activities:** These plan activities would be complemented by non plan activities. The major part on this side would be the use of the Consumer Welfare Fund to support voluntary consumer organizations in activaitaed like comparative testing, awareness generation, research and consumer assistance.

#### VI. GROWTH OF RURAL MARKETS

In recent years rural markets have acquired significance in countries like India and China as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural community. On account of globalization and liberalization the rural areas are consuming a large quantity of industrial and urban manufacture products.

The rural market has been growing steadily since the 1980’s and is now bigger than the urban market for both FMCG’s and consumer durables. An analysis of the NSS data reveals that 75 percent of the expenditure on manufactured goods is accounted by rural India.

#### VII. CONSUMER PROTECTION ACT, 1981

The Act aims to ensure right standards for the goods and services for which one makes a payment. The Act defines the consumer as one “who purchases goods and services for his/her use. The user of such goods and service with the permission of the buyer is also a consumer.

Hence the Act covers all “product and services.”The products are those which are manufactured or produced and sold to consumers through wholesalers and retailers. The services of the nature transport, telephones, electricity, constructions, banking, insurance, medical treatment, education etc. The service also includes those services provided by professionals such as doctors, engineers, architects, lawyers etc.

The Act postulates establishment of Central Consumer Protection Council and the State Consumer Protection Council for purpose of spreading consumer awareness. Central Council is headed by Minister-in-charge of the consumer Affairs in the Central Government and in the State it is the Minister-in-charge of the Consumer Affairs in the State Government who heads the State Council. A sperate Department of Consumer Affairs was also created in thr central and State Goverments to exclusively focus on ensuring the rights of consumers as enshrined in the Act.

#### VIII. CONSUMER REDRESSAL FORUMS

To provide cheap, speedy and simple redressal to consumer disputes, quasi-judicial machinery is set up at each District, State and National levels called District Forums, State Consumer Disputes Redressal Commission and National Consumer Disputes Redressal Commission respectively. There are 604 District Forums, 35 State Commission and States and Union territories and a apex body of National Consumer Disputes Redressal Commission (NCDRC) having its office at Janpath Bhawan, A Wing, 5th Floor, Janpath, New Delhi. The National Commission was constituted in 1988. It is headed by Sitting Tetired Judge of Supreme Court and other members chosen by Giverment in consultation with Chairperson. At least one member should be a Woman. Similarly, while State Commission is headed by a setting retired High Court Judge and at least 3 members, one woman. Similarly, District Consumer Fourm is headed by District Court Judge and at least 3 other members and one of them should be a woman.

#### IX. REDRESSAL MECHANISM

A written complaint, as amended by Consumer Protection (Amendment0 Act, 2002, can be filed before the District Consumer Forum (Value up to Rupees twenty lakhs), State Commission (Value up to One Crore), National Commission (Value above Rupees One crore) in relation to a product or in respect of a service, but does not include rendering of any service free of cost or under a contract of personal service. Under the Act there are consumer courts at the District, State and National level. The District for a have jurisdiction upto Rs 20 lakhs, the State for a have jurisdiction upto Rs. one crore and beyond that cases come to the National Commission. The Act lays down the type of practices against which consumers can seek relief. These courts have played a very important role in ensuring that the rights of the consumers are protected.

Proceedings are summary in nature and endeavor is made to grant relief to the parties in the quickest possible time keeping in mind the sprite of the Act which provides for disposal of the cases with in possible time schedule

prescribed under the Act, preferable within 90-150 days. If a consumer is not satisfied by the decision of the District Forum, he can challenge the same before the State Commission and against the order of the State Commission a consumer can come to the National Commission.

#### X. PLAN PROGRAMME

The XI plan has seen a quantum jump in the planned activities of the Department of Consumer Awareness. This can be readily gauged from the table below:

Thus in the first two years of the plan itself we would have spent more than what was spent in the entire X Plan period. In the X plan itself the expenditure was far in excess of what was originally planned. Now in the remaining part of the XI Plan we would be spending, on an average, every year more than what was spent in the entire stepped up X plan period

|                    | Tenth Plan ( Rs crore) | Eleventh Plan (Rs crore)     |
|--------------------|------------------------|------------------------------|
| Planned Outlay     | 55                     | 1083                         |
| Revised Outlay     | 283.27                 | NA                           |
| Actual Expenditure | 257.42                 | 268 ( Expected UPTO 31/3/09) |

#### XI. PROPOSAL FOR CONSUMER AWARENESS AND EDUCATION

(Rs. in Crore)

The following Table reveals the expenditure for consumer awareness and education is as under: It shows increasing of expenditure from 2012-13 to 2016-17.

| Year     |         | Amount     |
|----------|---------|------------|
| I        | 2012-13 | 100 Crores |
| II       | 2013-14 | 120 Crores |
| III      | 2014-15 | 135 Crores |
| IV       | 2015-16 | 150 Crores |
| V        | 2016-17 | 160 Crores |
| G. Total |         | 665 Crores |

Source: <http://planningcommission.nic.in/aboutus/committee>

#### XII. THE FUTURE CONSUMER DILEMMAS

Future consumers will have to make sense of varied phenomena such as increasingly subliminal advertising, social networks, free-economy and technological as well as scientific advances, because the “haves” of the future will be controlled by digital economies and “have notes”, will be those who are forced to stay offline. We will also witness the rise of ‘consumerism’ to counter citizen-centric priorities; and the rise of brandocracies, over and above the current sway of bureaucracies. Increasingly the companies, brands and corporations will have to submit to rating according to their ethical, social and environmental credentials rather than their abilities to generate profits. A radically different world from our own awaits future consumers, where they will require different tools and techniques to work enjoy leisure time and find success and happiness.

In a provocative and insightful view of how emerging lifestyle and cultural changes are likely to impact on future consumers, a safe and healthy lifestyle can be provided for future consumers, by today’s consumers, policy makers and markets. Any serious plans for ‘greening’ the future require all stakeholders – holders to rebuild a sustainable relationship with environmental resources so that not only are the needs of the present met but also those of the future generations. It is becoming increasingly clear that ‘Green’ lifestyles must combine an access to traditional or cultural knowledge, an understanding of current issues, and use of science and technology. Besides which the core proposition of the product, service and experience these create will simultaneously have to protect the environment and benefit the consumer.

## XIII. MAJOR RECOMMENDATIONS AND SUGGESTIONS

- (i) Strengthening of the existing redressal mechanism to make it more efficient for delivering speedier justice
- (ii) Supplement the existing redressal system with an active ADR Mechanism.
- (iii) Building a strong consumer information and advisory system.
- (iv) Integrate State Consumer Helplines and Consumer Advice Centre to facilitate mediation
- (v) Review of Consumer Protection Act 1986 and take adequate measures to plug loopholes with a view to reduce delays and enhance its reach to new areas of consumer issues.
- (vi) National Consumer Protection Agency.
- (vii) Information Technology tools for better delivery of service

Strengthen the existing Redressal Mechanism to make it more efficient for delivering speedier justice. It is proposed to continue the existing scheme of “Strengthening of Consumer Fora” in the 12th Plan also to cover the remaining states/UTs.

Supplement the existing redressal system with Alternate Dispute Resolution (ADR) Mechanism It has been rightly said that: ‘Justice delayed is Justice denied’. An effective judicial system requires not only that just results be reached but that they are reached swiftly.’ But the currently available infrastructure of courts in India is not adequate to settle the growing litigation within reasonable time. This situation is gradually becoming equally relevant in the case of consumer forums also, albeit to a lesser degree as of now.

## XIV. CONCLUSION.

It may be concluded that even though several laws meant to protect consumers against such unfair trade practices, false and misleading advertisements continue to exploit the consumers. If the hour is better laws in keeping with the times, better enforcement, corrective advertisements, better self-regulations by industry independent regulator to regulate health and children-related advertisements. Outdated laws, poor enforcement of them are some of the lacunas in order to control advertising.

Nature, women, the youth and the rural populations, all need to be accommodated in any planning ahead for a sustainable, healthy and meaningful life for India’s ‘tomorrow’ consumers. Procedural simplicity and speedy and inexpensive redressal of consumer grievances as contained in the Consumer Protection Act are really unique and have few parallels in the world. Implementation of the Act reveals that interests of consumers are better protected than ever before. However, consumer awareness through consumer education and actions by the government, consumer activists, and associations are needed the most to make consumer protection movement a success in the country. Positively, TV programmes have begun to discuss the problems of consumer protection and consumer’s movement and a separate cell for consumer protection has been formed in the Ministry of Food and Supplies. Therefore, the domestic products should be of high quality to attract the interest and build the trust of consumers, and the government should enact certain standards for the quality assurance of not only the domestic but also the imported products.”

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