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GOVERNMENT MEASURES AND SCHEMES FOR SAFEGUARDING CONSUMER INTEREST: AN EMPIRICAL STUDY

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Abstract

Today, there are a number of voluntary associations operating in our country. Since 1970, attempts have been made to unite the efforts of voluntary organizations through formation of consumer federation groups throughout the country. States have started organizing national conventions. The second National Convention that was held in New Delhi in 1991 gave rise to the formation of Confederation of Indian Consumer Organisations (CICO). Thus, it was for the first time many of the consumer organizations came together to form a “National Consumer Organization”. Today it has got members from various states and has mustered enough consumer power to influence the Government to act in favour of consumers. If consumer organizations join together to form larger confederations, it is hoped that the consumer movement will gain momentum to solve the problems of consumers. If the Government protects its citizen till awareness is generated, there is no doubt that the consumer movement in our country will develop and catch momentum in its real spirit.

Key words

Consumer Awareness, Consumer Protection Act, District Commission, State Commission, National Commission, Consumer welfare Fund, Government Measures

Introduction

The word consumer is self-explanatory and the literal meaning is "one who consumes". But, as against a customer in the market place, a consumer has a wider and broader meaning. In traditional theory, the consumer is considered to be well-informed about costs, price and quality of goods. But in the real world, things are different.

Consumer can be defined as an individual who purchases and uses products and services in contrast to manufacturers who produce the goods or services and wholesalers or retailers who distribute and sell them. This includes the user of such good or service, but not one who obtains the good for resale or commercial purposes. It covers transactions through all modes including offline, online through electronic means, teleshopping, or multi-level marketing.

Objectives

This paper is Literature Review on the recent progress made in the field of Consumer Protection in India the examining the following objectives :

1. To Evaluate the extent of Consumer Awareness in India.
2. To study the evolution of Consumer Protection Law in India.
3. To elucidate the government mergers for safeguarding the Consumer.

Research Methodology

The present study is carried out by using secondary data. The secondary data has been collected from various sources Viz ; Journals, magazines, News Papers, Books and Websites

Need for the Present Study

When India opened its economy to the global marketplace in the early 1990s, many multinational corporations rushed in to pursue its middle-class consumers—an estimated 200 million people—only to confront low incomes, social and political conservatism, and resistance to change. It turned out that the Indian consumer was a tough one to figure out and win over.

Globalization and Liberalization of trade and business has resulted in many products and services being available to the consumers. Growth in economy has resulted in increase in the purchasing power of the middle class, which is the largest segment of the population. This has necessitated the protection of the consumers and promotion of responsible consumer movement in the country.

Evolution of Consumer Protection Law

Several laws have been passed by the Indian government to protect consumers and uphold their rights like the Prevention of Food Adulteration Act, 1954, The Essential Commodities Act, 1955, Bureau of Standards Act, 1986, among others. The most important one, however, is the Consumer Protection Act 1986, which is set to undergo a major revamp. The new Consumer Protection Bill, 2018, was introduced by Ram Vilas Paswan, Union minister for consumer affairs and food and public distribution, in the Lok Sabha on January 5.

Talking about the new bill, Prime Minister Narendra Modi said, "Consumer protection was in line with the government's resolve of building a new India. New consumer protection act was in the making which would lay out stricter guidelines on advertisements, to ensure people are not misled. Stringent provisions have been proposed against misleading advertisements. A Central Consumer Protection Authority with executive powers will be constituted for quick remedial action. The government prioritising consumer protection is in line with our resolve of a new India. We will change it to consumer prosperity on the way ahead."

Some points to note about the new Bill, which was approved by the Cabinet in December 2017, are:

- The Bill enforces consumer rights, and provides a mechanism for redressal of complaints regarding defect in goods and deficiency in services.
- Consumer Dispute Redressal Commissions will be set up at the district, state and national levels for adjudicating consumer complaints.
- The Bill establishes a Consumer Protection Authority to investigate into consumer complaints, issue safety notices for goods and services, and pass orders for recall of goods and against misleading advertisements.
- If a consumer suffers an injury from a defect in a good, he may file a claim of product liability against the manufacturer. The consumer must establish seven conditions in order to prove such a claim.
- The Bill classifies four contract terms as 'unfair'
 - (1) payment of excessive security deposits;
 - (2) disproportionate penalty for a breach;
 - (3) unilateral termination without cause;
 - (4) one which puts the consumer at a disadvantage.
- The Bill empowers the central government to supervise the functioning of, and issue binding directions to the district, state and national consumer dispute redressal commissions. These could affect the independence of these quasi-judicial bodies.
- The District Commission, a quasi-judicial body, may be headed by a District Magistrate, who is part of the executive. This could violate the principle of separation of powers between the judiciary and executive.
- The National Commission, headed by a judicial member and comprising at least 15 technical or judicial members, will examine complaints on questions of law. This could contradict a Supreme Court judgement that questioned the competence of such technical members.
- In order to claim product liability, a claimant must establish four kinds of defects in product, the injury caused from it, and that it belonged to the manufacturer. The claimant must also establish that the manufacturer had knowledge of such a defect. It may be argued that the conditions to establish a product liability claims are unreasonable.
- The Bill defines the product liability to include defects in goods and deficiencies in services. However, the conditions to be proven to claim product liability do not include conditions for services. It is unclear how a consumer can claim product liability for deficiency in services under the Bill.

The consumer has to be aware of his rights and play a key role. The success of consumerism is a strong function of consumer awareness and to avoid exploitation, consumer must become knowledgeable. Many constitutional provisions have been made by government to protect the consumers. There is a great need to make them aware of their rights and responsibilities.

Consumer Protection and Government Measures: An Analysis

The following schemes have been implemented by the Government of India:

➤ National Action Plan

Consequent upon the 50th National Development Council (NDC) meeting. Planning Commission has identified and included “Consumer Awareness and Redressal and Enforcement of Consumer Protection Act, 1986” as one of the priority agenda for action, among others, for the year 2003-04 and asked the Department to prepare a National Action Plan was accordingly prepared and sent to the Planning Commission. The Action Plan contained various components. The Government allocated additional budget of Rs.311.81 crores for this Action Plan.

The other important components of National Action Plan include the following to strengthen consumer protection:

- (a) Strengthening Infrastructure of National Commission
- (b) Establishment of Circuit Benches of National Commission
- (c) Greater involvement of States / Union Territories with Consumer welfare Fund (CWF)
- (d) Formulation of a National Policy on Consumer Protection
- (e) Greater involvement of District Administration
- (f) Functioning of Working Groups in different areas of consumer interests.
- (g) Establishment of National Consumer Helpline
- (h) Working of a Consumer Activist Group
- (i) Promotion of Gold Hall Marking
- (j) Action Plan for States / Union Territories

➤ Swami Vivekananda National Awards On Consumer Protection:

To encourage Voluntary Consumer Organizations particularly Women Organizations and those functioning in rural, tribal and backward areas, “Swami Vivekananda National Award for consumer protection” has been instituted. The Award comprises first, second and third prize of Rs.50,000 Rs.40,000 and Rs.3,000 respectively along with the certificates of merit.

To involve the youth of this country in promoting a strong consumer movement particularly at grass root level, the Department has instituted a “Swami Vivekananda National Award for Consumer Protection”. Youth in the age group of 15-35 years, who have done outstanding work in the field of consumer protection,

are eligible for the Award. The award comprises three prize of Rs.20,000, Rs.15,000 and Rs.10,000 along with certificates of merit. Similarly, Swami Vivekananda Nation Award for Women has been instituted to recognize women who have done outstanding work in the field of consumer protection. The Award comprises three prizes of Rs.20,000, Rs.15,000 and Rs.10,000 along with certificates of merit.

➤ **Consumer Welfare Fund (CWF)**

In 1991, the Central Government amended the Central Excise and Salt Act, 1944 to create the Consumer Welfare Fund. The fund has been set up by the Department of Revenue and is being operated by the Department of Consumer Affairs. The money, which is not refunded to manufacturers, is created to the Fund. The main objective of the Fund is to provide financial assistance for promoting and protecting the welfare of consumers, generating consumer awareness and strengthening the consumer movement in the country particularly in rural areas. Till June 2006, Rs97 crores has been credited to the fund.

➤ **Setting Up Of Consumer Clubs In Schools/Colleges**

This scheme has been introduced recently according to which a Consumer Club shall be set up in each Middle / High / Higher Secondary School / College affiliated to a Government recognized Board / University. A grant of Rs.10,000 per Consumer Club is admissible under this Scheme. Till the end of June, 2006, 2245 Consumer Clubs have been sanctioned in the states of Andhra Pradesh, Jammu & Kashmir, Tripura, West Bengal, National Capital Territory of Delhi and Maharashtra.

Scheme on promoting involvement of research institutions / universities / colleges etc., in consumer protection and consumer welfare:

This scheme has been launched with a view to sponsor research and evaluation studies in the field of consumers, to sponsor seminars / workshops / conferences on the consumer related topics, and to have necessary inputs for the formulation of policy / programme / scheme of the protection and welfare of the consumers. The Indian Institute of Public Administration, New Delhi has been identified as the nodal organization to administer this scheme.

➤ **National Consumer Helpline**

Department of Consumer Affairs has sanctioned a proposal to set up a National Consumer Helpline in Delhi University by utilizing funds from CWF. The objectives of the scheme are:

- i. To create awareness among consumers regarding their rights and responsibilities.
- ii. To provide telephonic as well as personal counseling to consumers
- iii. To provide assistance for out of court settlements of consumer disputes.

The methodology to be adopted for the Helpline would include, publicity through leading newspapers at regular intervals, Toll free telephone lines, covering the entire country and trained manpower to provide counseling assistance.

➤ **Jagruti Shivir Yojana**

Jagruti Shivir Yojana has been launched in June, 2001. The scheme aims at spreading awareness through the State Government and the District Administration officials in association with local elected representatives. So far an amount of Rs.30.50 lakhs had been released to the States / Union Territories in respect of 61 district till June 2006. The amount of grant has been increased from Rs.50,000 to Rs.1,00,000 last year.

➤ **Setting Up Of District Consumer Information Centers**

A scheme to set up a District Consumer Information Centre in each district of the country in a phased manner at a cost of Rs.5 lakhs per centre was launched in October 2000. These Centers are to be set up by Zilla Parishads / Voluntary Consumer Organizations of repute on a continuous basis. So far, 104 DCICs have been sanctioned for various district across the country up to the end of June, 2006 and an amount of Rs.1.40 crore has already been released to the concerned organizations.

➤ **Creation of Consumer Welfare Fund In States**

In order to promote the consumer movement throughout the country, the State Government are being encouraged to create their own State Consumer Welfare Fund. For strengthening financial support, the amount of seed money given to the States has been recently increased from 1:10 to 50:50 (Centre: State).

Consumer movement in India is still in its infancy. Nearly 40 per cent of the people live below the poverty line and the rural public are not integrated into the main stream of consumerism. Also, they do not have access to the information and infrastructure concerning consumer protection provided by the government.

Hence, the consumer movement in India is to be developed in a perspective different from the elitist approach of the developed countries. It is to be a social movement, wherein people from all walks of life have to play their role. Not only that, it is to be done in a planned way and on professional lines.

Conclusion

The interests of the consumer will best be protected and enhanced when there is a conscious effort on the part of all participants of consumerism, i.e, [i] legislators and the Judiciary emerge as more pragmatic bodies and start working with more aggressive punch on the erring party; [ii] the consumer rises to arrest his rights and perform his duties; [iii] the consumer voluntary associations see beyond constrained vision and self-interest of their founders; and [iv] the sellers and manufacturers stop seeing consumers as guinea pigs or their adversaries and rather take steps to champion the consumer cause.

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