

Consumer Protection In India

(With Special Reference To Andhra Pradesh)

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INTRODUCTION

Our country is a developing country facing problems like illiteracy, poverty and unemployment; the self motivated manufacturers and traders can exploit people very easily. Though the customers are aware of their consumer rights, they are unable to get justice through the courts, which are known for their delay, very complete nature of rules and regulations and expansiveness. In these circumstances, the consumer protection has acquired immense importance. The purpose of the study is to analyze the role played by the consumer protection agencies and to suggest measures.

IMPORTANCE OF THE STUDY

The significance of the present study lies in the need for protecting the unorganized, illiterate and the poor customers of the Indian society against the intelligent organized corporate people and corrupted public officials. The present study is aimed at helping the consumer protection movement to gain strong base in protecting the consumer in the following ways.

It is expected that the study will help to:

1. Increase the importance and the role of consumer protection agencies. (i.e. consumer protection councils, consumer redressal forums, consumer voluntary organizations etc).
2. Help consumer voluntary organizations to frame appropriate consumer protection policies.
3. Suggest workable solutions to improve the performance of the consumer protection agencies in the country.
4. Improve the relationship of Govt. bodies with the consumer voluntary organizations for attaining the objectives of consumerism.

OBJECTIVES OF THE STUDY

The main objective of the work is to study the functioning Consumer Voluntary Organizations and Consumer Redressal Forums in Andhra Pradesh State.

The specific objectives of the study are,

- i) To analyze and to compare the organizational aspects and functioning of Confederation of Andhra Pradesh Consumer Organizations (CAPCO) and VCOs in the State (Various regions i.e., Telangana, Andhra, Rayalaseema) of Andhra Pradesh.
- ii) To study the problems faced by the VCOs in Andhra Pradesh State.
- iii) To analyze and to compare the working of State Consumer Disputes Redressal Commission (SCDRC) and District Consumer Redressal Forums (DCRFs) in (Various regions i.e., Telangana, Andhra, Rayalaseema) Andhra Pradesh State.
- iv) To suggest measures for their effective functioning.

SAMPLE DESIGN

At present, there are 34 State Commissions, and 600 District Forums besides the National Commission. In Andhra Pradesh State, 29 District forums are functioning besides State Commission. In case of Consumer Voluntary Organizations, 1350 organizations are working in the country. In Andhra Pradesh State, 540 Consumer Voluntary Organizations are functioning.

Since the broad objective of the study is to examine the consumer protection in India with special reference to Andhra Pradesh State, State Consumer Disputes Redressal Commission (APSCDRC) and 8 (27.59 %) District Consumer Redressal Forums out of 29 (100 %) functioning in the state have been selected from different regions (i.e. Karimnagar, Nizamabad and Adilabad districts from Telangana region, Krishna, Guntur and Visakhapatnam districts from Andhra region (Cuddapah and Kurnool districts from Rayalaseema region) to probe in to the details. To know the functioning of Consumer Voluntary Organizations, Confederation of Andhra Pradesh Consumer Organizations (CAPCO) and the same above mentioned district VCOs 288 (53.33%) out of 540 (100 %) working in the state have been selected (i.e. Karimnagar – 19, Nizamabad – 59, Adilabad – 4, Krishna – 10, Guntur – 15, Visakhapatnam – 30, Cuddapah – 40 and Kurnool – 111 VCOs).

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For in-depth analysis of working of these consumer redressal forums and consumer voluntary organizations, structured questionnaires have been served onto the functionaries. The purpose of this opinion survey is to study the consumer protection in Andhra Pradesh.

To find out the consumer response towards the Act, a sample of 45 consumers have been selected. The sample is a stratified one, including consumers from different educational, age and income backgrounds. For this, a questionnaire has been administered to the selected consumers of various districts. Thus, the sample is a purposive and convenient one.

SOURCES OF DATA AND METHODOLOGY

The study is based on both primary and secondary data. The primary data has been collected with the help of structured questionnaires issued to presidents of VCOs and consumer redressal forums. The quantitative data has been verified by interviewing the CAPCO chairman, CAPCO General Secretary, Presidents of various District Consumer Redressal Forums. The secondary data has been collected from the records and reports of Central Ministry of Consumer Affairs (New Delhi) and State Ministry of Consumer Affairs (Hyderabad), Indian Institute of Public Administration (IIPA) records, VCOs like CERC, CUTS, CCC, VOICE publications, records of District Consumer Redressal Forums, National Commission (NCDRC) and State Commission (SCDRC) records, ICSSR library (NASSDOC), CARS Library, Civil Supplies Department records, Internet sources, IPE library, Osmania University Commerce and Business Management library and Osmania University general libraries. The data thus collected has been analyzed and interpreted with simple statistical tools such as averages and percentages for drawing conclusions.

SCOPE AND PERIOD OF THE STUDY

Scope of the study is limited to Andhra Pradesh state. It covers a period of 6 years commencing from January 2000 to December 2005.

CHAPTER PLAN

Present study is divided into seven (7) chapters.

The **first** chapter presents importance, scope, objectives of the study, hypothesis and methodology. Apart from this, a brief review of literature on the study (consumer protection) and an overview of the study has been presented.

The **second** chapter is devoted completely to the concept and evolution of consumerism at international and national level. It includes consumerism in the past and present.

The **third** chapter contains various international consumer protection agencies. It is also intended to present the European Consumer Protection agencies and Asian Consumer Protection Agencies. The Consumer Protection statutes of various countries have been briefly mentioned.

The **fourth** chapter studies the Ministry of Consumer Affairs and consumer protection agencies set up by CPA 1986. Analytical and comparative study of District Consumer Redressal Forums in various regions of Andhra Pradesh State has been presented.

The **fifth** chapter presents the global association of consumers union and its regional offices.

National VCOs representing developed countries and various countries in Asia Pacific region has been presented.

The **sixth** chapter contains the movement caused for establishment of consumer voluntary organizations in India. Major VCOs, their organizational aspects, objectives have been presented. Analysis and comparative study of Andhra Pradesh Consumer Organizations of various regions has been presented.

The **seventh** chapter contains the research findings and suggestions for the consumer protection agencies.

CHAPTER I-INTRODUCTION

➤ In the modern Indian market, a consumer is the least organized and the centrifugal element in the circle of investment, production, sale and consumption and is generally taken for granted as one who anyhow has to buy in order to live.

➤ Protection of consumers is the **need of hour** because of 'the problem of claiming compensation by a small consumer against a large producer where the goods or services are defective'.

➤ There are **three (3) approaches / agencies** for ensuring consumer protection.

➤ Self-help, i.e. consumer organization itself.

➤ Business by self regulation and by giving a fair deal to the retailers.

➤ Government, by having special Acts and implementing those laws strictly.

➤ Government of India, VCOs in India and Industry Associations played a significant role in protecting the interests of consumers.

CHAPTER- II - CONSUMERISM

- In business research, research is primarily conducted to resolve problematic issues in, or interrelated among, the areas of **accounting, finance, management, and marketing**.
- **Marketing research** could address issues pertaining to product image, advertising, sales promotion, distribution, packaging, pricing, after-sales service, consumer preferences, new product development, and other marketing aspects.
- **Marketing research** techniques come in many forms. “**Consumer Behavior**” as a separate field of study in marketing research has only gained attention from the 1960s.
- In addition to the overt types of behavior that result from purchase, the consumer also engages in an evaluation of the purchase decision. Because the consumer is uncertain of the wisdom of his decision, he rethinks this decision in the **post purchase** stage.
- **Satisfaction** is an important element in the evaluation stage. When the consumers experience **dissatisfaction**, there are several negative outcomes possible. **First**, consumers may exhibit unfavourable word-of-mouth communication. **Second**, consumers may not repurchase the brand. A **third** action for the consumers is to complain.
- **Consumerism** is a social movement for power between buyers and sellers. The term 'consumerism' was first used by businessmen in the mid-1960s as they thought consumerism as another 'ism' like Socialism and Communism threatening Capitalism.
- Consumerism is thousands of years old, some prohibitions against adulterated food and false weights and measures as present; such as those found in Old Testament, the code of Hamurabhi and the ancient laws in India. European consumer protection status began to appear in the 15th and 16th centuries and was based on the principle of deterrence.
- In the modern age, consumerism occupied a significant place in USA with a deep involvement by Ralph Nader, who became *the father of consumer movement*.
- The preeminent institutional leader of the global consumer movement is the **IOCU**, the **International Organization of Consumers Unions**, a federation of groups founded in **1960**.
- One of the IOCU's key priorities in the mid-1980s was ratification at the **United Nations of Guidelines for Consumer Protection**, a crusade initiated by then-IOCU Representative Dorothy K. Willner.
- The consumer movement is not just an American Phenomenon. In fact, for much of the past 25 years, it has been a global one.
- The **ecological focus** of consumerism began in Western Europe.
- Consumerism in India can be said to be still in its infancy stage. But the consumer movement is slowly gathering momentum.
- The generally accepted 'Rights of Consumers' as contained in the United Nations Guidelines adopted by United Nations on 9th April, 1985 are eight.
- Consumer Education techniques and Consumer Guidance and Counseling play a vital role in creating the awareness.

CHAPTER-III: WORKING OF INTERNATIONAL CONSUMER PROTECTION AGENCIES

- The first systematic rules and ethical standards for fairness in the marketplace were developed by ancient cultures concerned with order in the marketplace. It was the Hebrews, however, who first articulated laws designed to protect consumers from unscrupulous sellers.
- Though there is no specialized mechanism to protect the consumer at global market place, there are some agencies to ensure (indirectly) Consumer Protection in the global market place i.e. UNO, UNDP, UNEP, FAO, WHO, WTO, AI, WEF, UNESCO, UNCTAD, ITU, ISO, IEC, TMI and GAIN.
- OECD conducted a workshop on **Consumer Dispute Resolution and Redress in the Global Marketplace** from **19-20 April, 2005 at Washington DC**. It aims to enable a better understanding of existing mechanisms for addressing consumer disputes and to consider ways to improve the effectiveness of remedies in cross-border cases.
- In the European market place, major agencies that ensure consumer protection are OECD, EU, MERCOSUR and TACD.
- In the Asian market place, major agencies that ensure consumer protection are ASEAN, APEC, SAARC and SPF.
- In Asia Pacific Region, majority of the countries enacted Consumer Protection Statutes.

CHAPTER - IV: WORKING OF CONSUMER PROTECTION AGENCIES IN INDIA

➤ In India, Ministry for Consumer Affairs, Food and Public Distribution is responsible for the formulation of policies for Consumer Co-operatives, Monitoring Prices, availability of essential commodities, consumer movement in the country and controlling of statutory bodies like Bureau of Indian Standards (BIS) and Weights and Measures.

➤ Various activities or schemes under taken/taking by the Department of Consumer Affairs are, Price management, Commodity wise price trends (Cereals, Pulses, Edible Oils, Sugar, Vegetables, Tea), Essential Commodities Act, 1955, Consumer Cooperatives, Forward Trading and Forward Market Commission, The Consumer Protection Act, 1986 (National Commission, State Commission, District Forum, Central Consumer Protection Council, State Consumer Protection Council, District Consumer Protection Council, Consumer Welfare Fund, Jagruti Shivar Yojana (Consumer Awareness), Consumer Clubs, Consumer Information Centres promoting involvement of Research Institutions / Universities / Colleges etc., in Consumer Protection and Welfare, Consumer Online Resource Empowerment Centre (CORE), National Consumer Helpline, Bureau of Indian Standards (BIS), Weights and Measures, National Test House.

➤ QCI is working for quality and NHRC is to protect the rights of people.

CASE STUDY OF CONSUMER REDRESSAL FORUMS IN ANDHRA PRADESH

➤ The following conclusions were drawn from the case study of Consumer Redressal forums in Andhra Pradesh:

➤ Consumer Redressal Forums are maintaining proper records and accounts accurately.

➤ The consumer redressal forums are not disposing the cases within the stipulated time period as mentioned in the Act.

➤ The vacancies of president and members in the consumer forums are filled on time by the government.

➤ Majority of the cases were filed in the category of consumer goods and services followed by insurance, telephones and electricity.

➤ The consumer redressal forums are playing a significant role in protecting the interests of urban and rural consumers in the state.

CHAPTER-V: WORKING OF INTERNATIONAL CONSUMER VOLUNTARY ORGANISATIONS

➤ Consumers International was founded in 1960 as the International Organization of Consumers Unions (IOCU) by a group of national consumer organizations.

➤ Consumer International has official representation on many global bodies, i.e. WHO, WTO, UNCTAD, UNESCO, ISO, IEC and UNICEF. It has official representation in many regional bodies, i.e. United Nations Regional Economic Commissions, ECOWAS, OECD, PARLATINO, PAHO and ASEAN.

➤ The Global Office of Consumers International is based in London, United Kingdom and the regional offices were based in Kuala Lumpur of Malaysia (CI Asia Pacific Office), Accra of Ghana (CI Africa Office) and Santiago of Chile (CI office for Latin America and Caribbean).

➤ Developed and developing countries have their consumer federations at national level.

➤ In order to bring awareness and to protect the consumers from exploitation, the IOCU had announced 15th March as World Consumer Rights Day. The first World Consumer Rights Day was celebrated in 1972.

➤ The Indian Government celebrates **December 15th** as the **National Consumers Day**.

CHAPTER-VI: WORKING OF CONSUMER VOLUNTARY ORGANISATIONS IN INDIA

➤ In India, Consumer Movement have been in existence in one form or other from ancient times. (*Manu Dharma Shashtra and Kautilya's Artha Shashtra etc.* containing the code of ethics).

➤ The first person who envisaged the importance of a 'consumer' in India was Mahatma Gandhi, when he was in Johannesburg, South Africa in 1890.

➤ In India, the first Consumer Organisation is Passengers and Traffic Relief Associations (PATRA) which was established in 1915.

➤ Indian Constitution (Article 19, part III) allows citizens (who are consumers) to form associations.

➤ Consumer Coordination Council (CCC), New Delhi, is a National Coalition of VCOs in India. CCC organized four (4) national conventions.

➤ According to the 1998 year records of Central Ministry of Consumer Affairs, the number of registered VCOs in India is **1350**.

➤ Major VCOs in India are CCC - New Delhi (CORE project), CERC- Ahmedabad, CUTS - Jaipur, VOICE -

New Delhi, CO - New Delhi, CC - New Delhi, AC / CPC - Rajkot, CAG - Chennai, CGSI - Mumbai, FEDCOT - Tamil Nadu, CR - Rajkot, MGP - Mumbai, NCHSE - Bhopal.

CASE STUDY OF CONSUMER VOLUNTARY ORGANISATIONS IN ANDHRA PRADESH

➤ The following conclusions were drawn from case study of Consumer Voluntary Organizations (VCOs) in Andhra Pradesh:

➤ Majority of the Consumer Voluntary Organisations are not maintaining regular/permanent office and accounts accurately as they are facing financial problems.

➤ Majority of the VCOs are handling consumer complaints and engaged in redressing the consumer complaints.

➤ Consumer Voluntary Organisations are playing a nominal role in educating consumers. They are not conducting public meetings, organizational meetings, seminars, exhibitions and campaigns etc., (educational activities) as required.

➤ Majority of the Consumer Voluntary Organisations have no committees in them to handle the grievances and it was also found that proper records are not maintained because of paucity of funds.

➤ Role of Women in Consumer Voluntary Organisations is very less.

➤ Majority of the Consumer Voluntary Organisations have not received the financial support from the government and they are sustaining on membership fee and management contributions.

➤ Majority of the VCOs have not undergone training.

SUGGESTIONS - CHAPTER-VII

Based on the above conclusions, following suggestions are offered.

SUGGESTIONS TO GOVERNMENT

➤ The Government has to co-operate with the Consumer Voluntary Organisations by providing sufficient financial support.

➤ Consumer Redressal Forums / Commissions should give a speedy judgment.

➤ Central, State and District Consumer Protection Councils should work in letter and spirit.

➤ Government has to make it mandatory that every business organization (either it is a small sole trader or a large company) should display the code of ethics.

➤ The electronic (AIR and TV) mass media of the Government should devote minimum of half an hour a day for talks and documentaries on consumer education in local languages. The government should produce some small films on essential consumer education and the Government should make it mandatory that these films are played in all the theatres before their regular features start. The print media should publish the consumer awareness advertisements weekly.

➤ The Government should consider founding of a Central Consumer Protection Research and Training Institute with regional units in different states to promote specialized intensive studies and training on Consumer Protection.

➤ Government has to introduce e-justice to redress the consumers.

SUGGESTIONS TO CONSUMER VOLUNTARY ORGANIZATIONS

➤ Consumer Voluntary Organisations should conduct public meetings, organizational meetings, seminars, exhibitions, essay writing and elocution competitions to educate consumers.

➤ Consumer Voluntary Organisations should maintain a regular / permanent office and maintain proper records and accounts accurately by collecting funds from membership fee, consumer welfare fund and from other sources.

➤ Consumer movement can be more effective only if it is voluntary, mass and women based. At present, it is in the hands of educated and retired men. The role of the women and rural people must be increased.

➤ Consumer Voluntary Organisations should collaborate with consumer clubs, Consumer Information Centres, government departments, traders and manufacturers' associations for establishing fair trade practices.

➤ Consumer Voluntary Organisations should have committees in them. VCOs should actively participate in the training conducted by the State level Organisation or by the Government.

To conclude, Consumer Protection and Welfare is not the task of a single entity or of the society. Rather, it is the collective responsibility of the State.

“No pain, no gain” is the right technique for consumer protection. The consumer must be aware of his basic rights and should fight for these rights. The famous principle of “Caveat Emptor” - Let a buyer beware - must be replaced by “Caveat Venditor” - Let a seller beware by strong determination on consumer side.

(Cont. on page 33)

ANNEXURE

Chi square (χ^2) calculation

TABLE 1: INFLUENCE OF TYPE OF RETAIL FORMAT ON INVENTORY DAYS

O	E	(O-E)	(O-E) ²	(O-E) ² /E
7	18.105	-11.105	123.321025	6.811435
18	12.495	5.505	30.305025	2.425372
26	20.4	5.6	31.36	1.537255
23	16.685	6.315	39.879225	2.390124
9	11.515	-2.515	6.325225	0.549303
15	18.8	-3.8	14.44	0.768085
22	17.75	4.25	18.0625	1.017606
15	12.25	2.75	7.5625	0.617347
13	20	-7	49	2.45
19	18.46	0.54	0.2916	0.015796
7	12.74	-5.74	32.9476	2.586154
26	20.8	5.2	27.04	1.3
		0	0	22.46848

$$\chi^2 = \sum \frac{(O-E)^2}{E}$$

O = the frequencies observed
E = the frequencies expected

Table 2: Influence of location of retail outlet on Inventory days

O	E	(O-E)	(O-E) ²	(O-E) ² /E
28	26	2	4	0.153846
29	23.5	5.5	30.25	1.287234
29	25	4	16	0.64
14	25.5	-11.5	132.25	5.186275
12	13	-1	1	0.076923
9	11.75	-2.75	7.5625	0.643617
10	12.5	-2.5	6.25	0.5
19	12.75	6.25	39.0625	3.063725
12	13	-1	1	0.076923
9	11.75	-2.75	7.5625	0.643617
11	12.5	-1.5	2.25	0.18
18	12.75	5.25	27.5625	2.161765
		0	274.75	14.61393

(Cont. from page 27)

“Prevention is better than cure”. So the consumers should approach the Government- Central and State redressal grievances departments (ISI Bureau, Agmark Department, Civil supplies Department, Weights and Measures Dept., Advertising Standards Council of India, MRTP Commission, Registrars of trademarks, All India Bank Depositors Associations, Food Inspector and consumer cells provided by various departments), vigilance commission and consumer voluntary organizations before filling the case in the consumer redressal forum / commission.

“Work is worship” is a proper proverb for the consumer protection agencies. The Central and State Government consumer redressal grievances departments, consumer protection councils, consumer redressal forums / commissions, consumer welfare fund committee, CWF, Ministry of civil supplies, consumer research centers, consumer voluntary organizations should work collectively and devotedly to attain the objectives of consumerism.

“Union is Strength” is a proper proverb for consumer voluntary organizations. A voluntary activity is an activity in which people contribute their time and energy without compulsion. The people in the voluntary organization should work with a spirit of dedication and fight for a common cause which is in the interest of the entire society. With the same objective, the voluntary organizations should work and render their services to meet specific goals which are important for the consuming society as a whole.

Consumer movement is an example of the proverb “Calm before storm”. The businessmen should invite consumer welfare from the bottom of the heart by turning over a new leaf.

DIMENSIONS/APPROACHES FOR FURTHER STUDY

In this broad area, there are more approaches/dimensions for further research. They are as follows.

- Consumer Protection In India - A Study of Consumer Awareness.
- Consumer Protection In India - A Study of working of Bureau of Indian Standards (BIS).
- Consumer Protection In India - A study of Weights and Measures Department.
- Consumer Protection In India - A Study of working of Consumer Clubs (CC).
- Consumer Protection In India - A Study of working of Consumer Information Centres (CIC).
- Consumer Protection In India - A Study of Consumer Welfare Fund (CWF).
- Consumer Protection In India - A Study of working of Forward Trading and Forward Market Commission (FMC).
- Consumer Protection In India - A Study of working of National Consumer Cooperatives (NCCF).
- Consumer Protection In India - A Study of Price Management method of Ministry of Consumer Affairs.
- Consumer Protection In India - A Study of Consumer Protection Act, 1986.
- Consumer Protection In India - A Study of Essential Commodities Act, 1955.
- Consumer Protection In India - A Study of working of National Test House (NTH).
- Consumer Protection In Asia - A Study of Statutes in Asian Countries.
- Consumer Protection In Asia - A Study of National VCOs in Asian Countries.
- Consumer Protection - A Study of Consumers International (CI).