
Consumer Awareness and Protection in India

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Abstract

India is now a part of the global market due to globalisation. Markets in India have also changed according to the growing world markets' demand. As we know that markets in India are consumer oriented now but the major motive for the sellers is to maximize their profit. In this situation the market is not able to keep pace with the changing dynamics of the globalization and consumers end up suffering.

To overcome this problem government of India has come up with many laws and orders but unfortunately there is lack of awareness among the consumers. They do not take full advantage of these laws. The situation is taking a lot of time to improve. It has proved to be a major hurdle for the government. To cross this hurdle the government has come up with many consumer awareness programs.

In this paper we have attempted at studying the changes which have been brought about by the government through various awareness programs and their impacts.

Introduction

One of the major challenges faced by the global economy is the problems

faced by consumers. Privatization and globalization has led to a competitive economy. A firm needs to be highly competitive not just in the domestic market but foreign market as well. The market is profit oriented where the firms think of ways to maximize their profits.

This scenario has led to cost cutting on various fronts so that the firms are able to receive higher profit than expected in comparison to the other firms and individually as well. This attitude has harmed the interests of consumers a lot, especially in the developing economies. It is very difficult for the manufacturers to cheat the consumers easily in the developed countries like US and UK due to well established consumer awareness and protection in comparison to countries like India.

To protect the interest of consumers government of India is quite serious and has brought various laws from time to time. However, laws alone can not protect the interests of consumers. The consumer has to be aware of their rights and the laws protecting their interests. So ways to improve consumer awareness were also developed. It is important to note that consumer protection and awareness are complementary to each other. None can be implemented properly without the other.

Many consumer awareness programs have been implemented by the government like *Jaago Grahak Jaago*, etc. In this paper we study their impact in India. Has it led to an improvement in consumer awareness or not? Our attempt is at studying its pattern and implementation.

Objective

- To understand consumer awareness and protection
- To understand consumer protection act and how it works.
- To study the pattern and implementation of consumer awareness in India.

Methodology

This paper is based on theoretical approach. Hakimuddin's article, *Consumer awarness : importance of consumer awareness and rights of consumers*

is used to analyse the need of consumer awareness in India. Subho Mukharjee's article *Consumer Protection in India: Needs and Measures* explains the rights which were being protected with the introduction of consumer protection act. Finally to show how the government is trying to improve on its consumer awareness and protection policy we have used the consumer protection bill no. 226 of 2015 which was proposed in Lok Sabha.

All these articles were combined together with the data collected to achieve the objectives stated mentioned above. The data has been collected from National Consumer Disputes Redressal Commission, National Consumer Helpline, etc., and used in creating charts and table for the easier depiction and analysis of trends in India.

Consumer Awareness

As we have already discussed above that consumer awareness and consumer protection go hand in hand, in this section we discuss about their characteristics and differences.

In the age of capitalism and globalization every firm runs on the basis of maximization of profit. To achieve this objective the firms create an unfavourable environment for the consumers. This is done by charging exorbitant prices, selling of adulterated and poor quality goods, misleading consumers by giving false advertisements and many more. A consumer to protect himself from such atrocities needs to be aware of his rights which we refer to as consumer awareness.

Due to harmful practices followed by the manufacturers, there is a need for consumer awareness which will help in creating a fair environment for the consumer. The need for consumer awareness is mentioned below:¹

1. Achieve maximum satisfaction: every consumer faces a budget constraint therefore he needs to maximize his satisfaction within that budget constraint. But unnecessarily high prices charged by the manufacturers or poor quality supplied by them in the market ends up harming a consumer's maximum satisfaction level. Therefore a consumer should be aware of all the information of the goods he buys from the market.

2. Protection against exploitation: the manufacturers exploit consumers in many ways like misleading advertisements, under weighing, etc. A consumer should be aware to protect him from such exploitations.
3. Control over consumption of harmful goods: consumer should be aware of the goods that harm them in anyway and reduce their consumption, for example, tobacco and alcohol.
4. Motivation for savings: awareness helps consumer reduce their consumption on wasteful goods and helps them save, which in turn can be used in other productive goods or investment.
5. Knowledge regarding solution of problems: consumers get cheated by the sellers because of lack of knowledge and innocence. Therefore the consumer needs to be well aware of its rights and laws which can help him solve problems.

It is the general helplessness of consumers in front of the manufacturers that the United Nations General Assembly in 1985 recommended adopting protective, preventive and curative measures for the consumers to its member countries. This resolution made the member countries to create agencies for adjudication of consumer claims and to create a conducive environment for protection of the consumers.

Consumer Protection in India

Indian government passed Consumer Protection Act in 1986(COPRA). It was later amended in the year 2002. The main objective of this act is to decide the complaints of the consumers immediately and to make legal proceedings easy. A three tier judicial system has been established under this act. These are at district, state and national level. Their division is based on the claim that the consumer is demanding. Claims up to Rs 20 lakhs are dealt in district court, claims between Rs 20 lakhs to 1 crore is dealt in state level and claims beyond Rs 1 crore are dealt in national level.

This law helps in protecting the rights of the consumers. These rights are discussed below:²

- Right to be heard: this means that every consumer has the right to be heard. This means that the complaints of the consumer should receive the due attention.
- Right to safety: the producers are expected to follow the rules for the protection of the consumer. If they don't do so then there is higher chance that the consumer will have to bear a huge risk. For e.g. if the producer doesn't use good quality cement in building an infrastructure then the building might fall and there is a huge danger for the consumers.
- Right to choose: the consumer has the right to choose between seller and one seller cannot force the consumer to buy goods from him only. In this situation the consumer can take legal actions against the seller.
- Right to be informed: this implies that the consumer should be well informed regarding the good he is consuming. They should be informed about every characteristic of the goods by the producers to make an optimal choice by the consumer.
- Right against exploitation: this right protects the consumer from any restrictive trade practices and other harmful situations which can lead to exploitations for e.g. high prices, etc.
- Right to get redress: this right helps in redressing consumers' complaints and grievances regarding goods and services consumed.

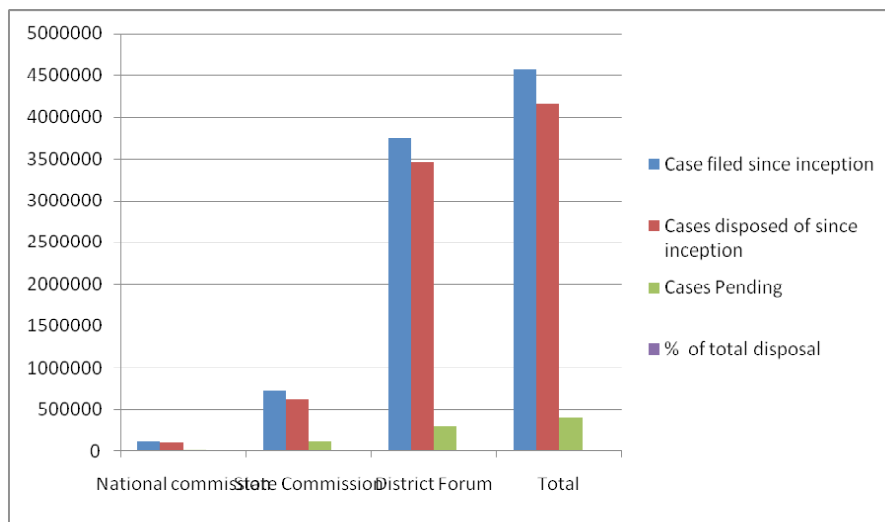
On the other hand the government is also trying to improve awareness among the consumers by using various means. It has mostly used advertisements on television, radio and in newspapers to spread awareness in the masses about the rights and laws. Non-governmental Organisations (NGOs) have also played an important role in spreading awareness. One can lodge complaints with a few NGOs like Consumer Grievances, Consumer Guidance Society of India, Common Cause and Consumer Forum, etc. NGOs don't just file complaints but also provide with other support. They organize programs to educate the consumers. *Jago Grahak Jago* also provides help to consumers. A few labels are provided by the government on the products to represent good quality such as ISI mark, AGMARK, etc. These provide a

standard scale about the quality of the product which the consumer is buying

Trends in India

Total Number of Consumer Complaints Filed/Disposed Since Inception Under Consumer Protection Law

Chart 1



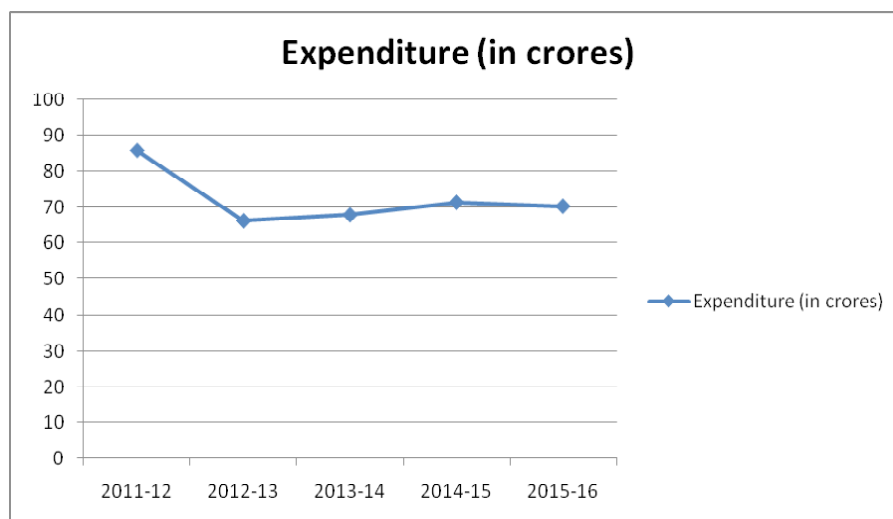
(National Consumer Disputes Redressal Commission, <http://ncdrc.nic.in/stats.html>)

Chart 1 talks about consumer complaints filed and disposed of in India since the day of inception under consumer protection law. In chart 1 we see that percentage of cases disposed of since the day of inception under consumer protection law is pretty good in comparison to cases pending. At National Commission percentage of cases disposed is 89.18%, at state Commission it is 86%, at District Forum it is 92.29% and in total it is 91.23%. Overall the statistics are in support of the government. It states that most of the cases have been taken care of. But the issue doesn't lie here, the hurdle which the government faces is caused by lack of awareness, i.e. a lot of cases are not filed due to lack of awareness and the cost incurred by the consumer throughout the procedure

is way more higher than the gain achieved from it. The consumer is still not well informed regarding the rights and the protection act and is therefore not able to make a right judgment. To make it worse the procedure is also very tedious.

Year-wise Expenditure on Consumer Awareness

Chart 2



(Department of Consumer Affairs, Government of India (2015-16), Annual Report, http://consumeraffairs.nic.in/WriteReadData/userfiles/file/AR_2015-16.pdf)

Chart 2 displays the year wise expenditure on consumer awareness by the government of India. In the above graph we notice that government's expenditure in consumer awareness has fallen as compared to 2011-12 drastically. There is relatively a smaller rise in the year 2014-15 but again a small decrease in the expenditure in the year 2015-16. This shows a relative slump from the government's side. This means that after the introduction of the law government spent a lot on increasing awareness amongst the consumers so that they can utilize the law to their advantage but lately this has seen a drop due to some drawbacks faced by the government. The year 2015 is the year of proposal of the consumer protection bill 2015. That means

that the government is trying to improve on its fallacies.

Below we have a table (Table 1) which deals with the revenue performance of the government on engineering product quality check for the last four years.

Table 1

Sl. No.	Name of the region	2012-13	2013-14	2014-15	2015-16 (Upto Dec 2015)
1	NTH (ER), Kolkata	363.86	477.4	496.05	346.27
2	NTH (WR), Mumbai	248.43	235.54	238.77	213.49
3	NTH (SR), Chennai	216.67	280.36	329.31	301.75
4	NTH (NR), Ghaziabad	465.96	451.97	476.86	386.99
5	NTH (NWR), Jaipur	121.73	125.09	145.67	121.50
6	NTH (NER), Guwahati	29.45	24.67	41.22	29.75
	Total	1446.10	1595.03	1727.88	1399.75

(Department of Consumer Awareness, Government of India (2015-16 and 2014-15), Annual Report); Amount in lakh rupees

The National Test House (NTH) checks the quality of engineering products. It had been established in 1912 by the Government of India. It is divided in six regions as shown in the table 1, Eastern region (ER), Western region (WR), Southern region (SR), Northern region (NR), North western region (NWR) and North eastern region (NER). As we can see in the above table that the revenue in NTH has generally increased from 2012-13 to 2014-15. This means that the government is focused on quality of the goods. It is not just focusing on consumer protection from the consumer side but from the production side as well. It is making sure that the consumer is being

provided with at least with decent quality product. This is a positive sign towards consumer protection. The National Test House data is one of the examples of government intervention in protecting consumer rights.

The other examples are Bureau of Indian Standards (BIS) hallmarking scheme for gold jewellery was launched on 11th April 2000 and for silver jewellery in October 2005. This was simplified and rationalized in January 2006.

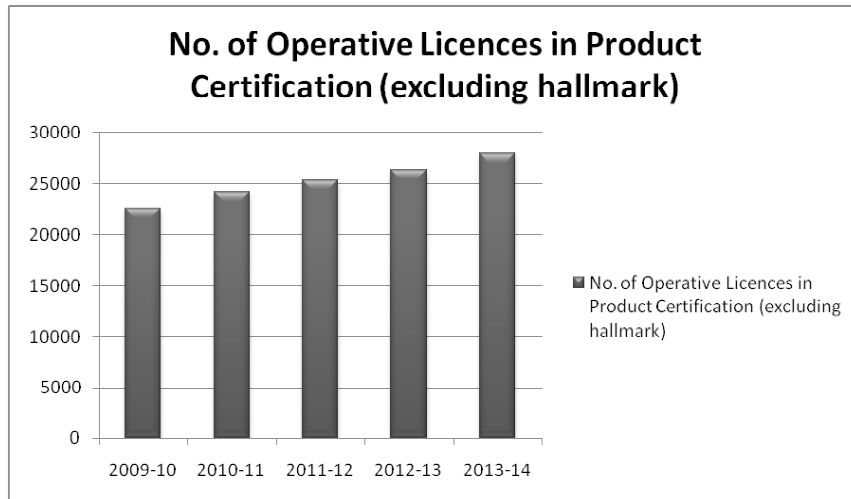
Hallmarking scheme of BIS

Table 2

Growth as on 31 st March	2010	2011	2012	2013	2014
No. of Licenses (gold and silver)	7393	8098	9292	10586	12743
No. of Assaying and Hallmarking centers	146	160	186	210	285
Gold articles hallmarkd (in lakhs)	777	1025	1302	1552	1813

(Bureau of Indian Standards, Annual Action Plan 2014-15, <http://www.bis.org.in/qazwsx/oth/AAP14-15.pdf>)

Table 2 shows that there is a steady growth in the number of licensing in the past five years. This shows an improved result of government intervention. This kind of method has helped creating trust amongst the consumers regarding the quality of the products they are purchasing.

Chart 3

(Bureau of Indian Standards, Annual Action Plan 2013-14. <http://www.bis.org.in/org/ANNUALREPORT2013.pdf>)

Chart 3 shows that the total number of operative licenses for quality checks excluding hallmarks has increased on a steady basis. This data shows the growth pattern in the number of licensing. This is a positive response to the initiatives taken by the government through BIS.

Problems and solutions

Even though the government is doing a reasonably good job in spreading consumer awareness but it is not enough. This is so because the urban areas are still doing better due to an ample amount of information available and consumers are being educated regarding their rights. Consumers are being provided with easier ways to file their complaints in the urban areas, for example the complaint can be filed online or via a message from mobile phone or calling on a toll free number.

In the rural sector consumers are not well educated regarding their rights. Since they are not well informed it is difficult for them to realise if they are being exploited and how to find a solution for them. Low availability of

internet connection, and very few know how to operate it, is causing them to follow the more complicated system of filing a complaint. This discourages them to go ahead and file their complaints. Corruption is another issue. Existence of corruption has led the poor losing faith in our judicial system. The feeling of lack of justice amongst the poor reduces their interest in filing a complaint. They prefer to ignore it.

The other hurdle faced in rural India is that majority is illiterate and ignorant. But due to globalization and privatization there has been an increase in middle income and higher income groups. Manufacturers take advantage of that and exploit them. They even sell fake brands and imitations to them without their knowledge. There are lack of verities, warrantee and guarantee.

Delayed justice is equivalent to justice denied. The consumer courts are quasi-judicial bodies. This simplifies and quickens the disposal of complaints but repeated adjournments, delay on the part of state government to fill the posts of judges make the whole procedure delayed. Delays often take away the essence of the law.

The government is trying to overcome these hurdles via different methods. Introduction of Consumer Protection Bill 2015 is one such measure. It has been introduced 'to provide for adequate protection of the interests of consumers and for prevention of unfair trade practices and for the said purposes to make provisions for establishment of the Consumer Protection Councils and other authorities for better administration and for timely and effective settlement of consumers' disputes and for matters connected therewith', as stated in consumer protection bill, Lok Sabha. The characteristics of the bill are mentioned below:³

- Setting up of Central Protection Authority, it will have power to recall products and initiate class suit against defaulting companies.
- E-filing and time bound admission of complaints.
- Jointly developing and implementing industry standards for grievance redressal.
- All members of industry association need to partner with National Consumer Helpline and State Consumer Helplines.

- Launching of joint awareness campaigns.
- Developing self regulation code.
- Joint campaign with Health and Financial Services with other departments for greater consumer awareness.
- To provide a host of consumer services under one roof, Grahak Suvidha Kendra launched in six locations.

Consumer Protection Bill 2015 is definitely an improvement and will improve the situation but we also have to focus on other aspects as well, such as spreading awareness in rural areas, removing delays in consumer courts, etc. If the government works on it with the help of the private sector, NGOs and other departments these few hurdles can be crossed smoothly. This will improve the consumer's condition in India positively.

Conclusion

The consumer awareness and consumer protection in India is improving over the years. Efforts of the government and other non-governmental bodies are bearing fruits. Expenditure on consumer awareness has increased. Other indicators also show a positive sign for future. However, the situation is still far from satisfactory.

We are still facing many problems in this field. With increasing level of capitalization and globalization we will have to work more and improve the current situation to have a minimum risk situation for the consumer. For this the government is already moving up with new plans, for example introduction of consumer protection bill 2015. Involvement of NGOs and other voluntary organizations has made it easier for the consumers but this need to be increased with time. The system needs to be more simplified. Delays need to be reduced. All these efforts, if followed properly, will definitely improve and strengthen consumer awareness and consumer protection. Since the economy is moving more towards consumerism, it is demanding more consumer protection and awareness.

Notes and References

1. Hakimuddin, 'Consumer awareness : importance of consumer awareness and

rights of consumers', <http://www.indiastudychannel.com/resources/154880-Consumer-awareness-importance-consumer-awareness-rights-consumers.aspx>.

2. Subho Mukharjee, 'Consumer Protection in India: Needs and Measures', <http://www.economicdiscussion.net/india/consumer-protection/consumer-protection-in-india-needs-and-methods/11055>.
3. As introduced in Lok Sabha, Bill No. 226 of 2015 'The Consumer Protection Bill 2015', <http://www.prsindia.org/uploads/media/Consumer/Consumer%20Protection%20bill,%202015.pdf>.