CHAPTER III
INBUILT SECTORAL REDRESSAL MECHANISMS FOR CONSUMERS

Consumer Protection Act 1986, Section 2(1) (0) defines service as ‘service of any description which is made available to potential users’ in connection with banking, financing, insurance, etc. Other than these consumers avail the services of different government departments such as electricity, telephone, public distribution system (PDS), liquefied petroleum gas (LPG) and Ulavar Shanthal. The government also regulates the services provided to consumers by private sector with regard to safety of food articles, the implementation of Maximum Retail Price (MRP) and the fare of private auto services. All these services could be categorized under the term public utility services.

The service through insurance industry is a major service available to consumers. In India, insurance has a deep-rooted history. Insurance in various forms has been mentioned in the writings of Manu (Manusmrithi), Yagnavalkya (Dharmashastra) and Kautilya (Arthashastra). The fundamental basis of the historical reference to insurance in these ancient Indian texts is the same i.e. pooling of resources that could be re-distributed in times of calamities such as fire, floods, epidemics and famine. The early references to Insurance in these texts have reference to marine trade loans and carriers’ contracts. Insurance in its current form has its history dating back until 1818, when Oriental Life Insurance Company was started by Anita Bhavsar in Kolkata to cater to the needs of European community. The pre-independence era in India saw discrimination between the lives of foreigners (English) and Indians with higher premiums being charged for the latter. In 1870, Bombay Mutual Life Assurance Society became the first Indian insurer.

Insurance is a subject listed in the Union list in the Seventh Schedule to the Constitution of India where only centre can legislate. The insurance sector has gone through a number of

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3 Ibid.
phases by allowing private companies to solicit insurance and also allowing foreign direct investment of up to twenty six percent, the insurance sector has been a booming market. However, the largest life-insurance company in India is still owned by the government.\(^4\) At the dawn of the twentieth century, many insurance companies were founded. In the year 1912, the Life Insurance Companies Act and the Provident Fund Act were passed to regulate the insurance business. The Life Insurance Companies Act, 1912 made it necessary that the premium-rate tables and periodical valuations of companies should be certified by an actuary.\(^5\) However, the disparity still existed as discrimination between Indian and foreign companies. The oldest existing insurance company in India is the National Insurance Company Ltd., which was founded in 1906 and which continues to be in business.

The Government of India issued an Ordinance on 19 January 1956 nationalizing the Life Insurance sector and Life Insurance Corporation came into existence in the same year. The Life Insurance Corporation (LIC) absorbed 154 Indian, sixteen non-Indian insurers as also seventy five provident societies—245 Indian and foreign insurers in all. In 1972 the General Insurance Business (Nationalization) Act was passed by the Indian Parliament, and consequently, General Insurance business was nationalized with effect from 1 January 1973. 107 insurers were amalgamated and grouped into four companies, namely National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd and the United India Insurance Company Ltd. The General Insurance Corporation of India was incorporated as a company in 1971 and it commence business on 1 January 1973. The LIC had monopoly till the late 1990s when the Insurance sector was reopened to the private sector. Before that, the industry consisted of only two state insurers: Life Insurers and General Insurers with four subsidiary companies. With effect from December 2000, these subsidiaries have been de-linked from the parent company and were set up as independent insurance companies: Oriental Insurance Company Limited, New India Assurance Company Limited, National Insurance Company Limited, and United India Insurance Company Limited.

Currently, in India only two million people namely 0.2 percent of the total population of one billion are covered under Mediclaim, whereas in developed nations like USA about seventy

With more and more private companies in the sector, the situation may change soon. The insurance sector went through a full circle of phases from being unregulated to completely regulated and then currently being partly deregulated. It is governed by a number of acts. The Insurance Act of 1938 was the first legislation governing all forms of insurance to provide strict state control over insurance business. Life insurance in India was completely nationalized on 19 January 1956, through the Life Insurance Corporation Act. All 245 insurance companies operating then in the country were merged into one entity, the Life Insurance Corporation of India. Life Insurance Corporation of India is servicing its customers through eight Zonal offices, 113 Divisional offices, 2048 Branches, 1202 Satellite Offices, more than 1.19 lakh employees and 12.78 lakh agents.

Besides life insurance, through its various subsidiaries, it is involved in providing various financial services namely, LIC Pension Fund Limited, LIC Housing Finance Limited, LIC Mutual Fund, LIC Card Services Limited, LIC Financial Services Limited and LIC Care Homes Limited. LIC had conceived the idea of customer zones as a one stop resolution for all servicing needs of Phone-in and walk-in customers with special emphasis on quality experience for the customer. There were at present seventy three customer zones in India and Tirunelveli has one of those customer zones. The General Insurance Business Act of 1972 was enacted to nationalize the about hundred general insurance companies then and subsequently merging them into four companies. All the companies were amalgamated into National Insurance, New India Assurance, Oriental Insurance and United India Insurance, which were headquartered in each of the four metropolitan cities.

Until 1999, there were no private insurance companies in India. The government then introduced the Insurance Regulatory and Development Authority Act in 1999, thereby deregulating the insurance sector and allowing private companies. Furthermore, foreign

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6 Ibid., p.89.
8 Ibid.
10 Ibid.
investment was also allowed and capped at fifty one percent holding in the Indian insurance companies. In 2006, the Actuaries Act was passed by parliament to give the profession statutory status on par with Chartered Accountants, Notaries, Cost & Works Accountants, Advocates, Architects and Company Secretaries.\(^\text{12}\) A minimum capital of US$80 million (Rs.400 Crore) is required by legislation to set up an insurance business.\(^\text{13}\) IRDA controls all the Insurance business in India. They are setting structure and boundaries for the insurance companies to act within. Starting from licensing to approving the products, IRDA directs the companies in India. They also protect customer interests in the country. As per current guidelines issued by IRDA, Insurance Companies are not permitted to invest in Indian Depository Receipts, while they are permitted to invest in Equity shares/ Bonds/ Debentures. IRDA needs to remove this disparity to open up investment opportunity by Insurance Companies and thereby also enhance the liquidity of Insurance Depository Receipts. In addition, there are a dozen Ombudsman offices to address client grievances.

The IRDA has also established the Consumer Affairs Department to take care problems of consumers.\(^\text{14}\) The Grievance Cell looks into the complaints from policyholders against life and non-life insurance companies. Prospects and policyholders are advised to first file their complaints with the respective insurance companies. The Grievance Cell facilitates redressal by taking up the complaints with the company. Where required, investigations and enquiries are carried out by IRDA. IRDA has provided an alternative channel for prospects and policyholders to lodge complaints with the Grievance Cell by launching the IRDA Grievance Cell (IGCC). The IGCC receives and registers complaints through a Toll Free Number namely 155255. Complainants can also track the status of their complaints through IGCC. IRDA has recently introduced the Integrated Grievance Management system (IGMS), a comprehensive solution which not only has ability to provide a centralized and online access to the policyholders but complete access and control to IRDA for monitoring market conduct issues of which policyholders grievances are the main indicators. IGMS is having the ability to classify different


\(^{13}\) Gupta. P.K., *op. cit*, p.43.

complaint types based on pre-defined rules. The system is able to assign store and tract unique complaint Ids and also enable intimation to various stakeholders, as required, within the workflow. The system enables the Target Turnaround Times (TATs) and serves to measure the actual TATs on all complaints. The system has set up alerts for pending tasks nearing the laid down Turnaround Times. Thus, the system will automatically trigger activities at the appropriate time through rule based workflow.

The Department releases advertisements through audio, video and print media to disseminate information regarding the need of insurance, about generic products and grievance redressal channels. The advertisements are released in English, Hindi and various regional languages. The department also examines any other issue of relevance to Policyholder Protection and co-ordinates with the respective Regulatory Departments for necessary action. The Department sponsors Consumer Bodies to conduct seminars to educate prospects or policyholders in matters relating to Life Insurance or General Insurance as and when appropriate proposals are received from them while it also provides fillip to organizations that approach it to prop their research work.

The following are the matters relating to Insurance Ombudsman: Complainants who approach the Authority on Claims related disputes, are advised to approach the Insurance Ombudsman. Representations received against the Order of Insurance Ombudsman/ delay in Ombudsman’s Award is taken up with the GBIC. Complaints against Insurance Companies in the matter of non compliance of Ombudsman’s awards are taken up with the insurers. Such complaints originate from both policyholders and the Insurance Ombudsmen. Collation of data on complaints are processed/disposed of by Insurance Ombudsmen. The data received from the GBIC is used for publication in the Annual Report and also for other requirements. Suggestions/inputs given by the Ministry/Ombudsmen in their Annual Reports are useful enough to be taken up with the concerned stakeholders.

RTI applications relating to policy holder issues are received and disposed of by responding to RTI applicants within the time stipulated by RTI Act, 2005. Orders passed, if any, on the Appeal by the RTI applicant to the First Appellate Authority, IRDA as also the

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15 Personal Interview with Karuppihah, Senior Divisional Manager, Palayamkottai, dated 6 February 2011.
16 Personal Interview with Karuppihah, dated 6 February 2011.
Second appeal to the Central Information Commissioner and Orders, if any, passed by him, are attended to with utmost promptness.

It is found that consumers are taking life insurance policies, health insurance policies and motor vehicle insurances. In Tirunelveli the following insurance companies were functioning. The government owned insurance companies were Life Insurance Corporation of India, functioning at Trivandrum Road, Palayamkottai, the National Insurance Company, S.N. High Road, Tirunelveli, Oriental Insurance Company, Trivandrum Road Palayamkottai and the New India Assurance Company, S.N. High Road, Tirunelveli Town. There were also a few private insurances such as Iffco-Tokyo insurance company, Max New York Life Insurance Company, Star Health Insurance Company, etc.¹⁷

Policy holders’ Grievance Redressal Cells exist in all the officers of the Corporation. They are headed by Senior Officers who can be approached by policy holders for redressal of their grievances, on any day but particularly on every Monday between 2.30 p.m. and 4.30 p.m. without prior appointment. The Chief Manager, Senior or Branch Manager was to be approached at all Branch Offices. The Manager (CRM) was to be approached at all Divisional Offices. The Regional Managers were to be approached at all zonal offices. At the Central office, the Executive Director (CRM) was to be approached for conventional policies; the Chief (HI) for health insurance policies; the Chief (P & GS) for group Insurance policies and the Secretary (MI) for Micro Insurance policies.

This was a case of negligence in service in the insurance sector. The consumer complaint No is 63/2010. It was filed by Agnes, a medical practitioner of Palayamkottai against the National Insurance Company Limited, Tuticorin. The complainant had insured her vehicle Honda City bearing registration No TN 72 S 7777 with the opposite party against policy number 651104/31/09/6100005529 for the period from 23 October 2009 to 22 October 2010. The above vehicle met with an accident on 1 February 2010 around 7.30 a.m. near Pulvaipatti, Sattur in the National Highways. The Sattur police had registered a case regarding the case in Cr.No 52/2010 under section 279 IPC. The cost of repair was estimated Rs. 4,26,364/- But the insurance company had insured the vehicle only for Rupees 3,70,500/- Therefore the insurance company

¹⁷ Personal Interview with Chakravarthyraju, Chairman, Club Member, Palayamkottai, dated 6 February 2011.
was liable to pay Rs.3,70,000/=. The claim form was sent to the opposite party and they had not settled the claim. When a notice was issued they were offering to settle the claim at Rs.1,60,000/= only. After the enquiry it was ordered that the complaint was allowed and the opposite party was directed to pay Rs.2,60,000/- as full settlement of the claim and to pay Rs.15,000/= as compensation and Rs. 2000/= towards the cost of the proceedings.

In Tirunelveli district electricity is provided by the Tamil Nadu Electricity Board (TNEB). The Tamilnadu Electricity Board was originally formed as Madras State Electricity Board on 1 July 1957 according to the Electricity Supply Act of 1948 as a successor to the erstwhile Electricity Department of the Government of Madras under the authority of the Department of Power. It was responsible for electricity generation, distribution and transmission, and it regulated the electricity supply in the state. Later it was renamed Tamil Nadu Electricity Board. TNEB, a wholly-owned statutory body of Government of Tamilnadu is the largest Electricity Board in the state with 21.3 million number of consumers as of 31 March 2010 and one of the top few state utilities in terms of energy sales. TNEB’s own capacity for power generation stood at 5690 MW for the year 2010 of which thermal and hydel generation capacity constituted fifty two percent and thirty eight percent, respectively.\(^{18}\) TNEB also sourced a significant portion of its requirement from central power sector utilities like National Thermal Power Corporation Limited, Neyveli Lignite Corporation Limited and Nuclear Power Corporation of India Limited besides Independent Power Producers in the State.\(^{19}\) Other sources, from where power was purchased, included captive generating units, co-generation units and wind mills. Tirunelveli electricity circle is significant because this circle was not only electricity consuming circle but also electricity producing circle with hydro electricity produced at Papanasam, with wind energy based electricity production at Aralvaimozhi and Tenkasi as well as the forth coming Koodankulam atomic energy based electricity production. In October 2008, the Government of Tamilnadu decided to split TNEB into three companies. Under the reorganization and transfer scheme of TNEB under issued by Government of Tamil Nadu with effect from November 1, 2010, TNEB was reorganized into TNEB Limited as the holding company with two subsidiaries. One was Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO) which was responsible for power generation. And the other was


\(^{19}\) Ibid.
Tamilnadu Transmission Corporation Limited (TANTRANSCO) which was responsible for power transmission.\textsuperscript{20}

Tamilnadu Electricity Regulatory Commission is the apex body constituted by government of Tamilnadu to regulate the electricity related affairs. Tamilnadu had been divided into thirty nine circles to moderate the distribution of electricity. Consumer Grievance Redressal Forums (CGRF) had been constituted in all the thirty nine distribution circles of the Tamil Nadu Electricity Board across the Tamilnadu State. Tirunelveli Circle was one of those thirty nine distribution circles with its office at the premises of the Tamilnadu Electricity Board, Thyagaraja Nagar, Tirunelveli 627 011. Consumer Grievance Redressal Forum consisted of a three-member body headed by the TNEB Superintending Engineer and two other members – one with a legal background and the other a consumer activist – nominated by the respective District Collector. These forums were constituted for undertaking fast and time-bound redressal of consumer grievances such as complaints in billing, those relating to giving new service connection, replacement of meter, name transfer, change of tariff and complaints relating to shifting of service/meter. The CGRFs was not meant to take up cases of theft of energy and unauthorized power usage. This forum received petitions from the electricity consumers, met once in a month and settled the consumer grievances amicably and speedily. In Tirunelveli, this forum was functioning from 2005. At present, A.Subramanian, Superintending Engineer is the President, and Manikandan, Advocate and Government Pleader and Venkatachalam, Vice President of FEDCOT are members.\textsuperscript{21}

It was the responsibility of the Chairman of the forum, to ensure that the vacancies of the members of the forum are filled up in time so that the forum had sufficient quorum to dispose the petitions received. CGRF Regulation 3(6), in this regard stated that the quorum of the Forum was two among the three members, which included the Chairperson. The post of the members was not to be kept vacant for more than two months. The District Collector was to be approached three months in advance as and when a vacancy arose. Delays were to be brought to the notice of the Commission. Chairman was responsible for compliance of the time schedules prescribed for dealing with consumer grievance petition. CGRF regulation 7(7), in this regard stated that the

\textsuperscript{20} Government of Tamilnadu G.O.(Ms).No.2, Energy (B2) Department, dated 2 January 2012.
\textsuperscript{21} Personal Interview with G.Venkatachalam, Vice President of FEDCOT, dated 30 January 2011.
forum completed the enquiry as expeditiously as possible and every endeavor was taken to pass appropriate order on the complaint within a maximum period of two months from the date of receipt of the complaint by the Forum.

Chairman was held responsible for ensuring the dissemination of the information on CGRF to the common public/consumers. It was expected that the chairman made arrangements for the display of a prominent and eye catching notice in Tamil, at all offices of the distribution, starting from each section office, bill collection centers informing the consumers to approach directly with a petition before the CGRF for all their service related problems and that they need not exhaust the intermittent channels such as Assistant Executive Engineers and Executive Engineers. It was also expected that the following statement should be printed in the applications/bills/receipts issued by the licensee (TNEB). “Consumers whose grievance is not redressed by the official of the licensee may approach the Consumer grievance Redressal Forum(CGRF).” He also made media publicity at regular intervals with details such as address of Chairman / CGRF, telephone numbers, e-mail address so that consumers could contact him easily. He also issued press releases to local papers, local TV channels, on the composition of forum, cases disposed and consumer feedback on the redressal mechanism. The chairman also contacted territorial AIR officials and arranged for radio talk to educate the public about the forum. Above all, he also informed and educated all officers under his control about the forum, the governing regulations and made them to pass on the information to the consumers, because, only the field officials came in direct contact with the consumers.

The grievance disposal procedure consisted of the following steps. Since the disposal was time bound, the Chairman designated the Executive Assistant or PRO and made them responsible to maintain a register to watch the progress of each grievance, adhere to the specified time periods and bring to Chairman’s attention on any overshoot etc., for immediate action. CGRF Regulation 7 was scrupulously followed in grievance handling procedure. As stated in 7(1), on receipt of the grievance from any complainant, the Chairperson made endorsement on the grievance subscribing his dated initial. As per Regulation 7(2), within seven working days of receipt of a consumer grievance, the forum sent an acknowledgement to the complainant. If a petition was returned for attending to any defect, it was done so with the knowledge of the
Chairman and all the defects were indicated in one go. Petitions not authenticated with signature / thumb impression etc., were also returned for authentication. When a petition was anonymous, act as per the regulation 7(2) the same was rejected on receipt and placed before the forum in the next available opportunity for recording the same. Admissibility was decided within ten days of receipt of the petition. In case a petition was rejected the fact should be informed to the petitioner in writing with reasons. As specified in Regulation 7(4), when the complainant or his representative failed to appear on the date of hearing before the Forum, the Forum either dismissed the complaint for default or decided it on merits. Any petition was finally disposed of within two months from the date of receipt and the order was invariably communicated to the consumer so that he was at liberty to appeal to Ombudsman within thirty days.

The final orders of the forum on the grievance was a speaking one, narrating the grievance, issues to be decided, applicability of regulations/codes etc., reply by the respondents and final decision. The order was signed by all the members. The dissenting view of any of the members was also recorded and communicated. The order spelt out the appeal provision to the Ombudsman and time limit of thirty days for appeal. If, in the course of the hearing by the forum, the outside members insisted for a decision, which was not in line with the Act/Regulations/Codes/Standing instructions of the licensee etc., but had to be ordered on the basis of majority of votes (two outside members), it was the responsibility of the Chairman/CGRF to bring it to the attention of the other two Members and also record the same in the final orders.

The Tamil Nadu Electricity Regulatory Commission had embarked on the task of organizing meetings in each distribution region in the State with the twin aims of educating the TNEB officers regarding the procedure for redressal of grievances and the implications of delay in disposal of cases as well as to create awareness among consumers about their rights under the Electricity Act, 2003 and to enlighten them about the forum to which they should take up their grievances with. The Commission had already conducted programmes at Vellore to cover Vellore, Dharmapuri, Kancheepuram and Tirupattur distribution circles and at Madurai to cover Dindigul, Madurai, Ramanathapuram, Sivaganga and Theni distribution circles, said R Balasundaram, President, Tamil Nadu Electricity Consumer Joint Council and President of
He was at Tirunelveli to speak at such a seminar on “Protection of Consumer Interest under Electricity Act 2003” organised by the Commission. Balasubramanian spoke about the changing scenarios in the wake of the Electricity Act 2003. He stressed the necessity for the TNEB officials to change their mindset to meet the new situation and the consequences for failing to adhere to the prescribed standards. He had separate interaction with the consumers to sensitise them on their rights under the new Act and Regulations and the quantum of compensation in case of default. The idea was to expose the participants to the rights they now have under the new Act and Regulations and educate them. It was pointed out that the consumers could get appropriate remedy from the TNEB's Consumer Grievances Redressal Forum (CGRF) in every circle for delay in giving new service connection (time limit thirty days), complaints in billing (within due date for payment), replacement of meter (thirty days), shifting of service or meter (twenty five days), name transfer (seven days), change of tariff (seven days) and response to complaints (ten days). The CGRF which received 431 complaints in 2006, disposed of 399 petitions. Similarly against the 484 complaints received in 2007, 426 were settled and 391 petitions were disposed of in 2008 against the 448 complaints received. Till September 2009, the CGRF received over 600 complaints. It was also pointed out that if consumers felt that they did not get appropriate remedy for their problems, they were eligible to approach the State Electricity Ombudsman and its verdict could be challenged in the High Court by filing writ petitions. Mr. Balasubramanian said that the Electricity Act, 2003 had empowered the power consumers with lot of rights and facilitated statutory mechanisms for fast and time-bound redressal of consumer grievances. He pointed out that as many as 1,497 cases had been registered in the forum from 2006 to March 2009. The forums had disposed of 1,304 cases up to March 2009, he added. The Ombudsman had received petitions sent to it for higher appeal, he said adding that the Ombudsman had registered over 100 cases from 2006 to November 2009 and disposed of eighty two cases.

As part of the redressal measures, the Tamil Nadu Electricity Board had introduced a unique ten-digit number to every consumer for redressal of grievances, monitoring of

22 The Hindu, Tamil Nadu Electricity Regulatory Commission to Organize Public Hearings, dated 21 March 2010.
consumption patterns and detection of power theft. The consumer index number was a combination of numbers corresponding to the TNEB circle, section office, local office and the consumer account number. For example, if the number allotted to the TNEB West circle was 5, Anna Nagar division office was 10, sub-division number was 11, local office was 20 and the account number was 200 the consumer's index number would be 510120200. It worked like the postal PIN code. The software to manage the huge database was being prepared. There were more than twenty eight lakh TNEB consumers in Chennai and two crore across the state. The indexing was to be first carried out in the city and later implemented across the state. By typing the index number, TNEB staff were able to get details about the name, address, phone number and the connected load of a particular consumer. This was used to ascertain whether the customer had paid the bill and if not whether the connection had been disconnected on time. If there was a sudden increase in load of a particular connection TNEB staff verified the reason. Power theft was easily detected this way. The TNEB was creating a database to store all the consumer details. This process ensured that if a consumer's complaint is attended to, he got a message on his mobile phone. It was planned to inform other announcements from the section office to the consumer over phone. Over the years, TNEB's consumer grievance redressal mechanism had seen very little improvement. After the splitting of the TNEB into three TANGEDCO, TANTRANSCO and TNEB Limited, the board had been under pressure to improve redressal and bill collection. Senior officers said that the index number was to be the first step towards this new efficiency. TNEB had also sent a letter to the government seeking to be part of the Sahaj rural kiosks network where people could pay their electricity bills.

The state government assured that power cuts would be passed by 2013, but a report submitted by Tamil Nadu Generation and Distribution Corporation to Tamil Nadu Electricity Regulatory Commission last month projects a shortfall anywhere between 600 MW and 2000 MW for the year 2013-2014. This information was revealed in a counter affidavit filed by the TANGEDCO in a case filed by the Tamil Nadu Electricity Consumers Association (TECA) before TNREC. P Bagavathiraj, Chief Engineer, Commercial TANGEDCO. He made a forecast for January 2013-March 2014 in the affidavit. In that a deficit of 4600 MW was predicted for January which would fall to 1810 MW by March 2014. While there would be unrestricted

23 The Times of India, Unique ID for TNEB Consumers, dated 28 January 2011.
demand for 11,800 MW in January 2013, the net availability would be only 7200 MW. In February, the demand would rise to 12700 MW, whereas the availability would be 7970 MW, while in March the demand would be 12,800 MW and availability would be 8180 MW. The situation is expected to improve from July when rains are expected and the power is expected to narrow down to just 690 MW. Balasundaram, President, Tamil Nadu Electricity Consumer Joint Council and President of TECA, said despite the assurance from the government to mitigate the problem, the affidavit given by the TANGEDCO told a different story. He said the council found that though power situation had slightly improved in the cities, extended power cuts continue in rural areas. The government should provide equitable distribution of power, which was not prevailing in the state, he added. Balasundaram said the council has written letters to all the 300 associations in the state. Accordingly, he said that the next plan of action would be to help industries in the state.

Electricity Board is a major service provider in Tirunelveli district as almost all the houses have electricity supply. There are consumer litigations for their deficiency in service. In 1997, Sivanthi patti a hamlet near Tirunelveli, affected by the surge voltage, supplied by the Tamilnadu Electricity Board due to their negligence. The TNEB was supposed to provide 230 voltage instead, there was 550 voltage of electricity was supplied. Because of this, lot of electrical appliances such as Television, fridge, electrical motors were damaged. The villagers filed a consumer complaint in CC No. 145 / 1997 on the file of Consumer Court, Tirunelveli. On enquiry, the court directed the Tamilnadu Electricity Board to pay adequate compensation.

The telecom sector in India, especially the cellular mobile service had been experiencing exponential growth with approximately 6 million connections being added every month. In the basic service the growth was very marginal. The broadband underwent better growth rate in the year 2007-08 with introduction of Wireless Broadband Access, 3G and penetration of ADSL. With such high growth in any sector some teething problems for stakeholders were always expected. In the telecom sector, along with this high growth, the consumer complaints had also

multiplied tremendously. The matter had been further complicated with the frequent change in tariff plans and value added services. The complaints from consumers mostly related to tariff matters, billing issues, refund of security deposit, poor quality of service etc.

The Telecom Regulatory Authority of India (TRAI,) was the independent regulator of the telecommunications business in India. The policy of liberalization that was embarked by Prime Minister P.V. Narasimha Rao in the 1990s helped the Indian Telecom sector to grow rapidly. The government gradually allowed the entry of the private sectors into telecom equipment manufacturing, value added services, radio paging and cellular mobile services. In 1994, the government formed the National Telecom Policy (NTP) which helped to attract Foreign direct investments and domestic investments. The entry of private and international players resulted in need of independent regulatory body. As a result, The Telecom Regulatory Authority of India was established on 20 February 1997 by an act of parliament called Telecom Regulatory Authority of India Act 1997.\textsuperscript{26} The mission of TRAI was to create and nurture an environment which will enable the quick growth of the telecommunication sector in the country. One of the major objectives of TRAI was to provide a transparent policy environment. TRAI had regularly issued orders and directions on various subjects like tariff, interconnections, Direct to Home services and mobile number portability.

Section 11(1)(b)(v) of the TRAI Act, 1997, mandated the Authority to lay-down the standards of quality of service to be provided by the service providers, ensure the quality of service, and conduct periodical surveys of such service provided by the service providers so as to protect the interest of the consumers of telecommunication service.\textsuperscript{27} In view of this mandate and the powers conferred upon it, TRAI had laid down the Quality of Service Regulations on Basic Service and Cellular Mobile Service, Code of Practice for Metering and Billing Accuracy, Broadband Service, Dial-up and Leased Line Internet Access and VOIP based International Long Distance Service. These regulations prescribed the parameters related to the network performance, support services, billing and customers’ perception of service.

\textsuperscript{27} Ibid., p. 5.
The TRAI Act, 1997 had provisions with regard to handling of Consumer complaints. As per the Act, Telecom Disputes Settlement and Appellate Tribunal (TDSAT) had been given the responsibility of dispute resolution. Section 14 of the Act said of the establishment of Appellate Tribunal. Accordingly the Central Government established an Appellate Tribunal known as the Telecom Disputes Settlement and Appellate Tribunal to adjudicate any dispute between a licensor and a licensee, between two or more service providers or between a service provider and a group of consumers provided that nothing in this clause shall apply in respect of matters relating to the monopolistic trade practice, restrictive trade practice and unfair trade practice, which are subject to the jurisdiction of the Monopolies and Restrictive Trade Practices Commission established under sub-section (1) of section 5 of the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969); the complaint of an individual consumer maintainable before a Consumer Disputes Redressal Forum or a Consumer Disputes Redressal Commission or the National Consumer Redressal Commission established under section 9 of the Consumer Protection Act, 1986 and the dispute between telegraph authority and any other person referred to in sub-section (1) of section 7B of the Indian Telegraph Act, 1885 (13 of 1885).

The TRAI Act did not provide for the Authority to hear individual complaints and award suitable relief. Accordingly, individual consumer complaints are forwarded to the concerned service provider for redressal. The customer had the option to seek relief in the appropriate consumer forum, in case he/she was not satisfied with the redressal by the service provider. The TRAI had laid down the mandate that the Quality of Service standards should be maintained so as to protect the interest of consumers. TRAI also looked into various complaints of generic nature regarding violation of its Orders/Directions/Regulations. In 2000, the Telecom Disputes Settlement Appellate Tribunal (TDSAT) was constituted through an amendment of the 1997 act, through an ordinance. The primary objective of TDSAT's establishment was to release TRAI from adjudicatory and dispute settlement functions in order to strengthen the regulatory framework. Any dispute involving parties like licensor, licensee, service provider and consumers

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30 *The Indian Telegraph Act, 1885 (13 of 1885)*, New Delhi, p.16.
are resolved by TDSAT. Also, any direction, order or decision of TRAI can be challenged by appealing in TDSAT.

The benchmarks for various parameters were defined under the Quality of Service Regulations provide for service providers to achieve certain levels of performance. To ensure that service providers were really achieving these levels of performance, TRAI had engaged an independent agency to audit the data furnished by the service providers to TRAI and also to conduct survey of the levels of performance of the service providers. The reports of the agency were published from time to time by TRAI to create quality consciousness amongst the service providers as well as the consumers of telecom services. However, the impact till date was limited.

The forums available for redressal of the grievances and settlement of complaints were the following. The first one is the Indian Telegraph Act, 1885. It provided for appointment of arbitrators to handle disputes between service providers and subscriber. However, this was tedious and time consuming. The second one is the Consumer Protection Act, 1986. This was enacted to address complaints from consumers. The Act provides for Consumer Dispute Resolution Forum at the district level, State level and National level. The legal process involved here had three tiers. This legal process for redressal of complaint was both time consuming and expensive considering the stake involved. And the third mechanism was provided as per the Department of Telecom (DoT) direction, dated 22 September 2005. According this all access service providers had set up Consumer Grievances Redressal Mechanism first at the Call Centre level and next level as an Appellate Authority within the company.

In the website of DoT there was an item on public grievances, which provided that Telecom services were being provided in the country by government PSUs viz. MTNL/ BSNL and Private operators to whom the government had issued license. These companies had their own consumer grievances redressal mechanism and were primarily responsible for redressal of all types of complaints of their consumers. However, in case the complaints were not redressed, Department of Telecom (DoT) had a Public Grievance Cell at Sanchar Bhawan, New Delhi,
which received various types of complaints related to telecom services and took up these with the concerned service provider for redressal.\textsuperscript{32}

By virtue of Section 11 of the TRAI Act and the Regulation on Guidelines for Registration of Consumer Organizations/ Non-Government Organizations (NGOs) and their interaction with TRAI, 2001, certain consumer organizations/NGOs were registered with TRAI on the basis of certain rules governing the registration. By and large, consumer organizations/NGOs with sufficiently strong background in the telecom sector were permitted to be registered with TRAI. The Authority (TRAI) interacted with these organizations on a regular basis. After issue of this Regulation, a number of workshops, seminars and interactive sessions had been organized. TRAI further endeavored to develop these organizations so that they act as eyes and ears for the Authority to give feedback on the consumer satisfaction and perception. To achieve this objective, Authority shared information with these organizations in order to enable them to make valuable contribution in our drive to provide quality service to consumers. TRAI in consultation with the Consumer Advocacy Groups (CAGs) and Service Providers had developed a Common Charter for Telecom Services and this was released by TRAI on 24 February 2005 for adoption by all the Telecom Service Providers.\textsuperscript{33} The Charter was a voluntary declaration of the Service Providers to promote their services in the best spirit of competition and tradition of service. As per the Common Charter, all service providers agreed to arrange human interface with responsible company executives whose name and identity were made known to the consumers in addition to arrangements like Customer Care Service through Call Centres. On persuasion of TRAI, all the service providers had appointed nodal officers to handle consumer grievances and the details of these nodal officers are published by service providers. The list of Nodal Officers was also available on TRAI website. As per Clause 7 of the Common Charter, the service providers also agreed to inform their subscribers on the reverse of bill issued, the name and address of the nodal officer appointed by the respective service provider for redressal of the consumer grievance.

\textsuperscript{32} Consultation Paper on the Redressal of Consumer Grievances and Consumer Protection in Telecommunication, Telecom Regulatory Authority of India, New Delhi, 2007, p.15.

\textsuperscript{33} The Economic Times, TRAI Releases Charter for TELECOM, dated 24 February 2005.
Complaints of individual nature received by TRAI were forwarded to the concerned service providers for effectively addressing the issues raised by the complainant. However, in case of generic complaints i.e. complaints affecting a large number of consumers and systemic in nature, TRAI looked into the various issues raised in the complaint and takes effective steps for redressal of the issues. These complaints were pursued with the service providers for early resolution and removing of the generic/ systemic problems. On analysis of complaints received, Authority found various deficiencies, which required putting in place a system to avoid recurrence of such complaints. The Authority had issued a number of directions to Telecom service providers. 

The first Direction was dated 3 May 2005. It was about value added services, which mandated that no value added service shall be provided to a customer without the customer’s explicit consent. Also no value added service, which was earlier being provided free of charge, shall be made chargeable without the explicit consent of the customer. The second Direction was dated 3 May 2005. It was on premium rate services, which mandated publication of the pulse rate/ tariff for premium rate service in all communications/ advertisements. The third Direction was dated 29 June 2005. It was on information to customers about complete details of the tariff plan, which mandated that the customer should be informed in writing, within a week of activation of service, the complete details of the customer’s tariff plan. In addition, as and when there were any changes in any aspect/ item of tariff in the chosen package, the operator shall intimate, in writing, such changes to those subscribers whose tariff packages undergo a change. The fourth Direction was on Docket No. and Termination of Service dated 29 August 2006. This mandated the Service Providers to assign a unique docket number for all service request calls made to the customer care helpline numbers and also special numbers for registering complaints and convey the same to the customer at the time of such a call. This shall be implemented within three months from the date of the issue of this direction; to acknowledge through SMS followed by entry in the next bill the requests made through Telephone call, FAX, SMS, e-mail etc for value added services, the charges for which are of a recurring nature; to

34 Newswala, TRAI Issues Directions to Telecom Service Providers, dated 3 May 2005.
raise the bill only after adjustment of security deposit in the event of a request for termination of service received from a customer; to terminate the service within twenty four hours of the receipt of a request for termination of service made in writing or within three working days of the receipt of a request for termination of service made through Fax or through e-mail ID registered with the service provider or within seven working days of the receipt of a request for termination of service made through Telephone call, SMS and e-mail. The termination of service was subject to the return or recovery of the customer premises equipment, wherever applicable. It also stopped charging the customer the fixed monthly charges like rental beyond the above prescribed period of termination of service or from the date of last usage, whichever is later.

There were also some provisions in the Licence Agreements relating to Customer Complaint Handling. The various licences mandated the Licensee to notify in writing all the arrangements with respect to repair, fault rectification, compensation or refunds. These licences also provided that all complaints in this regard was addressed or handled as per the guidelines, order, regulation or direction issued by the licensor or TRAI from time to time. TRAI had issued several directions and orders, based on the complaints received from consumers. TRAI had laid down the Quality of Service standards for basic, cellular mobile, Internet (dial-up) and Broadband service. TRAI had also issued the Quality of Service (Code of Practice for Metering and Billing Accuracy) Regulation providing for independent audit of the metering and billing system. Though these Orders, Directions and Regulations address the concerns of consumers, TRAI had not issued any separate Order or Direction or Regulation detailing the procedure for handling consumer complaints.

India's largest mobile service provider Bharti Airtel has earned the dubious distinction of being the company facing the largest number of consumer complaints, according to latest government data. As per the latest data available with the National Consumer Helpline (NCH), as many as 2001 complaint calls were received against Bharti Airtel between March 2010 and February 2011.\(^{35}\) This was highest number of complaints against a single company, followed by state-owned telecom major BSNL (1986 complaints), PSU giant Indian Oil (1940), Anil

\(^{35}\) *The New Indian Express*, Airtel Most-Complained Against in India, dated 6 June 2011.
Ambani-led telecom firm Reliance Communications (1792) and Nokia India (1616). Other companies in the top-ten list in terms of number of complaints included Samsung India (1560), SBI (912), BPCL (872), LIC (626) and ICICI Bank (569). NCH is a public service project of the Consumer Affairs Ministry run by Delhi University and has been functional since March 2005. It helps consumers in dealing with problems related to defective products, deficiency in services and unfair trade practices. There were as many as five telecom-related companies in the top ten. It also consists of five public sector firms. According to a presentation by NCH before the Food and Consumer Affairs Minister K V Thomas last week, it has received 67,347 complaint calls between March 2010 and February 2011. Out of total calls, the maximum complaints (twenty one per cent) were for defective products followed by telecom (seventeen per cent) and banking sector (seven per cent). This list showed these companies had not been able to handle the issues being faced by their customers, which forced the customers to seek NCH guidance. It also shed light on the management practices, especially customer redressal process of these companies. This showed that these companies failed to solve the problems being faced by their customers. NCH provided advice to consumers on a three tier model. In the first step, it advised the consumer to approach the concerned organization. In the second step it helped the consumer to approach the regulatory authorities existing in different sectors. The final step was the last option where the consumer was advised to file a case in consumer courts. NCH had handled 3,48,082 calls till March 31, 2011.

Going by the number of complaints and the nature of complaints being received in TRAI it was seen that the present institutional mechanism for handling consumer complaints was not effective enough. The large numbers of complaints received in TRAI revealed that consumers did not have adequate information about where to register the complaint, the complaint procedure, the time limit within which the complaint would be redressed, how and where the consumer can meet the responsible company executives personally. As a result, the consumer ended up complaining to the President, Prime Minister, Minister, TRAI and Department of Telecom etc. for redressal of the complaints. Recourse to Consumer Courts for redressal of complaints was both time consuming and costly. Hence, there was a need for defining the process for redressal of consumer complaints and also for provision of a speedy, effective,
independent and inexpensive complaint redressal mechanism, within the company i.e. service provider.

A meeting of a group of fifteen consumers using different service providers was formed. They represented different consumer organizations in Tirunelveli District. The following points emerged from the discussion held with them. Currently, some of the private service providers do not have customer care centres or offices in the Tirunelveli city where they are providing service. Instead, these service providers have appointed franchisees/agents for selling the services. However, these franchisees/sales agents do not attend to the complaints/grievances of the customers. As a result, the customers do not have any human interface with responsible officers/executives of the company for redressal of their grievances. At the same time, many instances have been brought to the notice of the Authority where these franchisees/sales agents had given false promises of discounts/schemes. Many complaints emanated from these false promises as they do not give published brochure/tariff plans, description of the service offered and terms and conditions of contract and procedure for lodging complaints and details.

Most of the Service Providers in Tirunelveli District have not effectively implemented the Common Charter. It was emphasized by CAGs during the half yearly meet that even some of the nodal officers are not aware of the mechanism of Common Charter and their responsibilities. The CAGs expressed their concern about non-implementation of the Complaint Redressal Mechanism (absence of self regulation) and requested for mandating this from TRAI. Complaints received in TRAI reveal that in many cases the complainant is not informed about resolution of the complaint and even the acknowledgement of written complaints is not given nor is the status informed. Even the complaints forwarded by TRAI, which are generic in nature, are either not replied to, replied to very late or replied without undertaking any root cause analysis.

It was pointed out that another issue, which quite often leads to complaints, relates to bill collection. The service providers engaged recovery agents for collection of dues from defaulters. In many cases it happened that these agents further sub-contract the work. TRAI had also

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received many complaints that these agents gave threatening calls to the customers. Such cases had been reported even when the bills have been paid, the bill had never been received or the bill was disputed. All this occurred because of lack of supervision of the service providers over their recovery agents/ sales agents/ franchisees. The service provider was fully responsible to its customers and their grievances.

Generally, the telecom consumers were dissatisfied with the complaint handling procedure of service providers. It would not be wholly correct to say that a mechanism for redressal of consumer grievances within the telecom sector is completely missing. As per the instructions of the Department of Telecom, Ministry of Communications and IT, Telephone Adalats in Telecom Circles and Districts were held at periodical intervals by Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL) as an internal arrangement to settle the customers’ grievances. The scope of Telecom Adalats included all telecom services provided and billed by the respective Telecom Circles/ Districts. The Telecom Adalats at the Circle level were headed by the Chief General Manager (CGM) and at the District level by the concerned Secondary Switching Area (SSA) head. The Adalats headed by CGMs considered the cases of appeals against the decisions of Adalats chaired by SSA head and the cases, which are not individual but have a repercussion on the entire Circle. The information of holding Adalats by CGM and SSA head was to be given wide publicity through local newspapers and electronic media. The concerned MP and MLAs were also to be intimated in advance. The decision of Adalat was to be a speaking order. The Adalat conducted by the CGM should also evaluate the quality of Adalats conducted by his subordinates. However, this is an internal arrangement of the public sector operators. Similar arrangements did not exist for private sector operators and there appears to be a need of such Adalats or fully functional Independent Appellate Authority for private sector operators, particularly in view of the fast growing telecom consumer base.

The only option available to an individual consumer, in case his/ her complaint was not properly redressed by the service provider, was to approach a consumer court. However, the fact of the matter is that the consumer courts are already overloaded and decisions on any such  

37 Ibid.
complaint filed with a consumer court could take considerable time. At the same time, the consumer had to spend considerable time, energy and money to pursue the case in the consumer court till the court decides the matter. A very important issue in this regard was that many a time the amount involved was not large enough and it is not worthwhile for the consumer, considering the time, energy and money involved, to pursue the case in consumer court. Considering these problems being encountered by consumers, a need was felt to define the consumer grievance redressal process and also strengthen the consumer dispute resolution mechanism so as to ensure a speedy and effective redressal of complaints with no financial burden on consumers.

Every service provider had set up Call Centre in its licensed service area.\textsuperscript{38} Presently, some of the service providers had centralized Call Centres covering many licensed service areas. Service Provider shall earmark or allot or establish a basic telephone or cellular mobile number having sufficient lines or connections to be called as the toll free number or consumers care number or help line number at its Call Centres. No call charges shall be levied for calls made to the toll free number or consumers care number or help line number and the service provider shall treat all such calls as free calls.

Public Distribution System (PDS) is a poverty alleviation programme of the government and it contributes towards the social welfare of the people. Essential commodities like rice, wheat, sugar, kerosene and the like are supplied to the people under the PDS at reasonable prices. PDS is a boon to the people living below the poverty line. PDS is the primary social welfare and antipoverty programme of the Government of India. The Government of Tamilnadu is implementing PDS since the year 1964.\textsuperscript{39} The scheme Village Shop Programme was introduced by the State with the intention to have one shop for one village in order to feed essential articles to rural public. Subsequently the scheme was converted into PDS with the intention of providing essential commodities to the public both in rural and urban areas at concession rate. Revamped Public Distribution System (RPDS) has been initiated by the Government of India from the year 1992 in order to serve and provide essential commodities to

\textsuperscript{38} The Statesman, Service Providers Setting up Call Centres, dated 23 February 2013.

\textsuperscript{39} Rajnish, E., Public Distribution System of India, Ahmedabad, 2000, p.95.
the people living in remote, backward and hilly areas. Government introduced Targeted Public Distribution System (TPDS) in the year 1997. Central Government and State Governments have been actively involved in steering the operations for the success of the PDS. It is not possible to neglect the PDS in India, because majority of the Indian population are living in rural areas and their standard of living is also poor and they cannot afford to pay the prevailing market prices for the essential commodities. Central Government has provided Rs. 6066 Crore for food subsidy in the Union Budget for the year 1996-97. This has increased over the years and stood at Rs. 21,200 crores in 2002-03. Tamil Nadu sets a model in implementing the PDS as universal system for the cause of eradicating poverty and improving standard of living of the people living below the poverty line. Timely supply of essential commodities is the basic element for the success of the PDS. Infrastructure i.e., Fair Price Shops (FPS), godown facilities and employees are other requisites of the PDS.

The involvement of the Cooperative Societies is noteworthy for the success of the PDS in Tamil Nadu. The total family cards under the PDS in Tamil Nadu are 13230193 as on 30th June 2004. There are 21662 full time FPS run by cooperatives. More than 93 per cent of the fair price shops of Tamil Nadu are managed by cooperatives. With regard to Tirunelveli District there are 1181 FPS out of which 949 are run by cooperatives and this figure includes both full time and part time FPS. It shows the extensive involvement of the Cooperative Societies in serving the rural people by taking steps to supply essential commodities in the right time at affordable prices. In addition to the regular and full time FPS, Department of Cooperation has established part time FPS in villages. It helps the villagers to purchase the essential commodities in the nearby places. There are 241 part time FPS, twenty two women shops and three mobile FPS functioning in Tirunelveli District. Cooperative societies have become accelerator for the success of the PDS in Tirunelveli as well as Tamilnadu. To procure essential commodities and supply them to the public, an established and organized agency becomes essential. The Food Corporation of India procures essential commodities on behalf of the Central Government. The Tamilnadu Civil Supplies Corporation procures essential commodities on behalf of Government.

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40 Ibid., p.103.
41 Ibid., p.105.
42 Personal Interview with Veeramani, District Supply and Consumer Protection Officer, Tirunelveli, dated 17 February 2011.
of Tamil Nadu. The lead societies such as consumer cooperatives and marketing cooperatives procure the essential commodities like rice, wheat, sugar and palm oil from the civil supplies corporation and deliver to the Fair Price Shops. The procurement and delivery of essential commodities is performed in every taluk by the lead societies. Kerosene is procured from the private dealers and it is supplied in the FPS. The FPSs are the agents at the field level to distribute the articles to the ultimate beneficiaries in right time. The Cooperatives have become organized agency for the supply of essential commodities to the public in Tamil Nadu. In the procurement stage as well as in the supply stage, the role of cooperatives is the felt need of the hour. Cooperative Societies are actively involved and participated in ensuring food security in Tamil Nadu.

The unique feature of PDS in this State is Tamilnadu Civil Supplies Corporation, Cooperatives and women SHGs governed the entire network. No private dealer was allowed to run FPS. Also, the Government guidelines showed that no family cardholder was to travel more than two kilometers to reach FPS. Further, Cooperatives have been given an important role in the implementation in PDS. For example, as on 30 March 2004, there were 28132 FPS including mobile FPS for the people in remote hilly area functioning in the state. This shows that majority of the FPS are run by cooperatives. In the context of PDS, cooperatives are classified as Lead societies and Link societies.

The goal of PDS does not restrict itself with the distribution of rationed articles. Making available adequate quantities of essential articles at all times, in places accessible to all, at prices affordable to all and protection of the weaker section of the population from the vicious spiral of rising prices is the broad spectrum of PDS. More specifically, PDS aims at making goods available to consumers, especially the disadvantaged / vulnerable sections of society at fair prices, rectifying the existing imbalances between the supply and demand for consumer goods, check and prevent hoarding and black marketing in essential commodities, ensuring social justice in distribution of basic necessities of life, and evening out fluctuations in prices and availability of mass consumption goods.

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44 Ibid.
45 Rajnish, E., op.cit., p. 106.
46 Ibid., p.34.
Distribution of the essential commodities is regulated by the family card system. Irrespective of income status of the family, option based family cards had been issued in the year 1998 to all families. Separate family cards had been issued to those who opted to purchase rice and other essential commodities. Normally a full-time FPS shall have the minimum of 800 cards and maximum of 1000 cards in Municipal Corporation and Municipal areas. Full-time FPS in other areas shall have minimum of 500 cards and maximum of 800 cards. As on 1 April 2004 there were 1.52 lakh family cards in circulation in the State.\textsuperscript{47} District-wise analysis of family cards in circulation showed that the number of cards in circulation was high in Coimbatore district (7.46 per cent), which was followed by Chennai North (5.06 per cent) and Vellore (4.99 per cent) districts (As per 2000-2001 census Coimbatore tops the list of districts with largest population at 4.224 million, followed by Chennai with 2.16 million). It was reported that during the years 2001-2003, 386614 cards, i.e., more that 2 per cent of the cards in circulation, were found as bogus cards.\textsuperscript{48} The number of bogus cards found was high in Coimbatore, which was followed by Chennai North.

The Tamil Nadu Civil Supplies Corporation procures and stocks the essential commodities in advance in a network of owned and hired buffer and operational godowns right up to taluk level. The shop personnel move the stocks from the taluk level operational godowns to the FPS as per allocation made to them by district level authorities every month. At FPS level, the entitlement of rice and sugar is linked to the number of members in each family and that of kerosene is based on the number of LPG cylinders and the nature of the area-rural, urban and hilly. Besides, kakhi color cards were issued to police personnel for drawing kerosene only. For example rice is supplied to the cardholders in one or two installments every month. Based on the number of cards in circulation, entitlement and past off take, it is estimated that 200000 MT of rice, 5000 MT of wheat, 25500 MT of sugar and 73000 KL of kerosene are needed every month for distribution in this State through FPS.\textsuperscript{49} In addition, 25000 M.T. rice per month is required for the welfare schemes.

\textsuperscript{48} Ibid.,p.66.
\textsuperscript{49} Ibid., p.73.
Inflation is a cold-hearted enemy of social balance and therefore the importance of holding the price line needs no emphasis. Undue price rise erode into the real wages of labour class and benefit the renter class. Since the States have very little say in the national monetary policy, their role essentially revolves around demand management, curtailing non-developmental expenditure and containing fiscal deficit of the budget. With regard to PDS State Government intension is to control the prices of essential commodities of mass consumption. In this study it was found that price is the important factor, which attracts cardholders to purchase PDS articles. Government also to provide safety net to the poor and the downtrodden by subsidizing the price of the PDS articles at much lower than the market price. For example over the years the difference between State average open market price and the PDS issue price of rice was more than Rs.6. Contrary to this, annual off-take of rice has come down over the years from 2413006 M.Ts to 2995978 M.Ts. 50

Generally rice, sugar, wheat, kerosene, maida and iodinated salt are the commonly distributed items in FPS in Tamilnadu. Also, State Government distributes Ooty tea through FPS so as to protect the interest of the small tea growers of Ooty. Hence, the scope of PDS covers not only the consumption but also the production of essential goods.51 The progress of FPS in sample districts shows that, though the number of family cards is comparatively less in Nagapattinam district the distribution of rice, wheat is high. This might be due to the severe drought during past several years. In the case of kerosene, it seems the consumption is high in Coimbatore, which may be due to its urban character. Further, against allotment, there is deficit in the distribution in all commodities; particularly it has been high in rice. Officials opined that distribution is made based on entitlement as per the cards in circulation, past distribution level and stock in hand at FPS level. Hence, the difference would in no way affect the cardholders. But the response of the respondents is different.

The Government of Tamilnadu took all efforts to ensure the availability, accessibility and affordability of essential commodities to the poor. Hence, universal PDS was in operation in this State and the Cooperatives were given much importance in the distribution system.52 Further, the

50 Ibid., p.78.
51 Ibid., p.89.
involvement of women SHGs in the distribution network ensured safety, transparency, and accessibility and above all reduced the transaction cost. Hence, there was the need for this channel of distribution.

In a bid to provide cheap food for the people of Tamilnadu Chief Minister Jayalalitha announced in the State Assembly on 13 January 2013 that 1000 canteens offering food at a low cost would be opened in Chennai. Of these fifteen canteens were opened on 19 February 2013 at the buildings belonging to Chennai Corporation and other government departments. The cost of one idli is Rupees one, curd rice Rupees three, Sambar rice Rupees five. It was planned that these canteens would be kept open on all the seven days a week. The women belonging to self help groups worked in these canteens. The women self help groups in Tirunelveli District demanded the opening of such budget canteens in Tirunelveli District. As a consequence, it had been decided by the Tirunelveli Municipal corporation to start such budget canteens in seven places within the Tirunelveli city limits. This programme was to be known as ‘Amma’ budget canteen. Tirunelveli Mayor Vigila Satyanand, City Engineer Jai Xavier, Executive Engineer (Planning) Narayananayyar, Health Officer Doctor Muneeswari and Assistant Commissioner Samuel Selvaraj inspected the proposed places for the opening of these Amma Budget Canteens.54

The next most important commodity all consumers in general require is cooking gas. The Union Government had issued Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 2000, under Section 3 of the Essential Commodities Act, 1955. It was republished as the Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 2000. The same section empowers the State Government or an officer or an agent of the State Government to control production, supply and distribution etc. of essential commodities. Section 4 of the Act confers powers and imposes duties upon the State Government to implement the orders issued under Section 3.56 The release added that clause 3 of the Order relates to LPG

53 *Dhinakaran*, 1000 Canteens Offering Food at a Low Cost would be Opened in Chennai, dated 19 February 2013.

54 *Dinamalar*, Proposal to Open Amma Budget Canteens in Seven Places within Tirunelveli Corporation Limits, dated 8 April 2013.


56 *The Hindu*, State is Empowered to Control LPG Distribution, dated 20 February 2011.
supplied under PDS. The clause restricts supply of one connection of subsidized LPG to a family.

The Department of Food, Civil Supplies and Consumer Affairs has said that people with vested interests are spreading misinformation that the State Government does not have powers to interfere with the subsidized LPG (liquefied petroleum gas) distribution in the State and ask the distributors not to supply gas to ineligible persons. N.V. Prasad, Commissioner, Food, Civil Supplies and Consumer Affairs, said that this stand is contrary to the provisions of law. In a press release here on Saturday, he said that in the last decade, several cases have been booked against LPG consumers, persons in unauthorized possession of subsidized LPG cylinders and the distributors for violating the provisions of the Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 2000, under Section 3 of the Essential Commodities Act, 1955.  

Consumers were facing number of problems in the distribution of the LPG cylinders. The Federation of Consumers and Service Organizations has appealed to the State Department of Food and Civil Supplies to instruct oil companies to come out with a transparent system to regulate the supply of domestic LPG cylinders and announce openly if there was any restriction on refill bookings. In a representation to the Secretary, Food, Civil Supplies and Consumer Protection, M. Sekaran, President of the federation, complained that though oil companies were repeatedly claiming that there was no restriction on booking refills, distributors are allowing booking only after twenty one to twenty five days after the previous supply. Even after this, consumers are delivered the refills only after fifteen to twenty five days after the booking is accepted, he alleged.

This was not sufficient for many families, especially families of working couples. Several consumers were struggling owing to the restriction. Though the district revenue officers were conducting taluk-level grievance redressal meetings for LPG consumers, the problem had not been sorted out. In an attempt to overcome the problem, the oil companies were expected to come out with a transparent system to regulate the supply. Any enforced restriction was expected to be adopted uniformly by all distributors. The oil companies complained that

57 Ibid.
58 Letter of M. Sekaran, President of the Federation to the Secretary Food, Civil Supplies and Consumer Protection, Tamilnadu, dated 3 March 2011.
domestic cylinders were being misused offered no justification for the restrictions. Cases of misuse were curbed from time to time effectively with the help of law enforcing agencies. Besides, oil companies were expected to ensure that the delivery boys of LPG cylinders were paid well so that they did not indulge in any malpractice. Bi-monthly district-level meetings were held by the District Collectors with senior officials of oil companies, distributors and consumer organizations to sort out the problems in supply of LPG cylinders to domestic consumers.  

The following was an extract from the reports of a grievance redressal meet to address complaints on LPG supply and delivery, organized by the Civil Supplies and Consumer Protection Department on 15 May 2010. Participants made direct representation to oil company executives about their problems and gave suggestions on improving services. C.N. Maheswaran, Joint Commissioner of the Consumer Protection Department, said that since agencies are involved in distribution, consumers do not know how to redress their grievances. Consumer meets are organized to facilitate dialogue between oil companies and their customers. He said a registry of complaints was maintained and a review undertaken fifteen days after every meet. Maheswaran added that the public have a voice and make representation and gas agencies need not be afraid of their genuine voices. Delay in supply of cylinders was one of the major complaints made by the consumers. It was followed by procedural issues that made transferring a gas connection difficult and attitude of agency dealers. Many persons also raised the issue of domestic LPG cylinders being used for commercial purposes, resulting in delay of supply to households. Responding to the complaint, A. Annamalai, Deputy Commissioner (North) of the department, said that though the act was illegal, public support was required to tackle it. So far, 3,700 cylinders had been seized during that year. But, they relied on someone in the locality to alert them.

Consumers faced another problem with regard to getting LPG gas. The agencies started linking the supply of LPG with the production of Aadhar card. This linking went against periodical statements of the authorities that having the card is optional though possessing one is helpful in the long run. There were still a large number who could not procure application forms despite repeated visits to the out-sourced office nearby. Moreover after submitting the

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59 The Hindu, Ensure Transparency in Distribution, dated 5 May 2011.
60 The Hindu, Grievance Redressal Meet Addresses Complaints on LPG Supply, dated 16 May 2010.
application form and collection of biometric data, it took about a month or more to get the card. Moreover the biometric card preparing personnel were telling people not to crowd as there was plenty of time to get a card issued. Those who want LPG (liquefied petroleum gas) connections or refill supplies are not required to produce ration cards hereafter.

Announcing the decision, a release issued on by the State government’s Commissioner for Civil Supplies stated that at present, oil companies/gas agencies insisted on the production of ration cards. The government had examined the issue in depth and decided to relax the rule and so said that Ration cards should not be insisted upon by LPG distributors in future. However, the release said the government had ordered that the connections or refill supplies should be given on consumer producing any one of the documents specified by national oil companies. According to the Indian Oil Corporation such documents are electricity bill, telephone bill, passport, employer’s certificate, flat allotment/possession letter, house registration papers, Life Insurance Corporation policy, voter’s identity card, rent receipt, PAN (permanent account number) card issued by the Income Tax department and driving license. An official in the Civil Supplies Commissionerate says the government stipulation on production of ration cards for LPG connections or refill supplies has been in force for the last one year or so in view of the problem of shortage of gas cylinders. As this rule had caused hardship to people, it was being withdrawn. In June, the State government announced a subsidy of Rupees thirty for households having single cylinder LPG connection. Asked whether the latest decision would cover those who received State government subsidy of Rupees thirty, the official said this issue would be handled separately.

Praja Vikas Seva Trust, a non-governmental organisation, carried out a Statewide campaign to discuss and find solutions to issues afflicting consumption and distribution of domestic cooking gas. The trust discussed a wide range of issues such as problems arising from the cap on subsidized LPG cylinders and problems in the distribution of gas cylinders. A few important issues came to the fore. Displaying two gas cards, a complainant said two persons in had applied for a second cylinder in 2007 and 2011 respectively. However, the distributor had

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61 The Hindu, Linking LPG to Aadhar Card Irrational, dated 22 July 2011.

turned down the requests citing shortage of cylinders. He questioned how long should they wait for an extra cylinder. Another issue that came up was the delay in booking cylinders. While some distributors delivered the cylinder in ten days after the stipulated time of twenty-one days between bookings was over, other agencies cited self-created rules such as two weeks of delivery time after the thirty days between bookings. The handful of people who attended the meet asked for more clarity and awareness in the guidelines for number of days between bookings, the number of days a distributor could take to deliver a cylinder after a booking was placed, and the exact price of cylinder. The organization urged the State Government to extend subsidies to at least twelve cylinders annually. They slammed the Centre for passing on to consumers the burden of higher commissions demanded by distributors.  

Consumers have to be protected by offering safe foods. Access to sufficient, safe and nutritious food to everybody at all times leads to healthy and active life. This can be achieved only through Food Security which is dependent on Availability, Access and the Right use of food. Therefore Food Safety and Standards Act, 2006, Food Safety and Standards Rules, 2011 and Food Safety and Standards Regulations, 2011 have been formulated to ensure a safe food for consumers.  

As per the Food Safety and Standards Act of 2006, a food safety commissioner has been appointed at Chennai for the whole of Tamilnadu. There is a food analysis laboratory at No 5 Old Police Hospital Road, Samathanapuram, Palayamkottai along with five other laboratories located at Kings Institute campus, Guindy, Chennai, Coimbatore, Madurai, Salem, and Thanjavur. The Palayamkottai Laboratory jurisdiction covers the Southern Districts namely, Kanyakumari, Turicorin, Tirunelveli and Virudhunagar. The practice is that the samples lifted in these areas will be sent to other laboratories for analysis to avoid influence. It was reported that from 2007-2010 samples lifted at the state level are 13441 in number and samples analyzed are 13421. Out of these samples, samples reported adulterated or misbranded are 2092 at the Tamilnadu state level.  

The salient preparations for the implementation of Food Safety Act were the following. The Food Safety Commissioner was appointed and

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63 The Hindu, NGO to Launch Awareness Drive on Domestic LPG Rules, dated 8 October 2012.
65 The Hindu, Food Microbiology Laboratory Opened, dated 31 January 2011.
notified. Proposal regarding re-designation/ appointment of joint Food Safety Commissioner, Deputy Food Safety Commissioner was sent to State Government of Tamilnadu. Health and Medical Officers were notified as designated Officers. Food Inspectors were notified as Food Safety Officer. Additional District Magistrate was notified as Adjudicating Officer. The process of establishment of Food Safety Appellate Tribunal, and Presiding Officer was started.

The implementation process of the new Act will have to face the following challenges. Different domestic Acts in the State have contradiction and restructuring in the New Act for instance the Dangerous and Offensive Trade Act under Local bodies. Public Health Cadre is there in the State since 1979 and restructuring with Municipalities/ Corporations in the New Act will require a careful thought process. Local bodies get revenue presently for licensing and share in the fine collected under PFA. State would have to take call regarding revenue.

Too many hitches seem to hamper the functioning of Food Safety Officers (FSO). Delay in issue of a GO bringing them under the Department of Public Health and Family Welfare has prevented the 500-odd food safety officers from receiving their first month's salary till date. Repealing the Prevention of Food Adulteration Act, the Food Safety and Standards Act of 2006 was brought in creating the Food Safety and Standards Authority of India. Food safety officers come under the Food Safety Commissionerate. The State, which implemented the new system, brought in 385 FSOs for rural areas, 148 for urban areas, besides thirty in reserve. Sanitary inspectors in local bodies were designated as food safety officers. The first hitch the FSOs now faced was that they have not received their first month's salary. Enquiries revealed that tallying of pay particulars and creation of a separate code and head of account for the treasury to disburse the salary had led to the delay. Sources also clarified that the disbursement of salaries for the FSOs would take place within the next three to four working days. Going by the number of trades listed and merchants existing, Tamil Nadu is the only State to have gone in for creation of more than 500 FSO posts, so that the objective of food safety could be achieved preventing adulteration by frequent inspections. However, the FSOs initially faced a problem of not having any National Accreditation Board for Testing and Calibration of Laboratories (NABL) accredited laboratory. The FSOs need to lift food samples in the event of a suspicion of adulteration. The samples need to be sent to a laboratory. Food Safety and Standards Act
stipulates that testing of food samples done only by laboratories which have the certification by the NABL. There are six laboratories in Tamil Nadu at Coimbatore, Madurai, Thanjavur, Pudukottai and two at Chennai. However, the Government notified that the samples could be tested at the existing laboratories and a GO has already been issued and one-year transition time is given enabling the utilization of the existing laboratories. These laboratories have already commenced the process for NABL certification. Sources also pointed out that making sanitary inspectors as food safety officers and bringing them under Department of Food and Drug Control under the Public Health and Family Welfare was in contravention to the constitutional provision. Sources said that Article 243 (w) of the Constitution and XII schedule says that Food Safety under Public Health is the power and responsibility of the local self governments i.e., local bodies. Officials disputing the contention said that almost all the States excepting in only one local body in Gujarat, the food safety has come under the purview of the Government relieving the local bodies of that responsibility. The objective of taking away food safety from the local bodies to a separate department was to ensure undivided attention on the department. If the FSOs continued with the local bodies, the chances of they being frequently drafted for other pressing works of the local body was more, thus defeating the objective of food safety.

It is reported that the scope of Food Safety and Standards Act has been extended to marriage halls and caterers also. It is mandatory for every kalyana mandapam and those who are engaged in food catering business to register and get proper license from the food safety wing. At the same time, the cooks employed by catering units should obtain medical fitness certificate to ensure hygiene. An awareness meeting about the need to get food safety licence was conducted here on Sunday for the owners of marriage halls in the city. J. Suguna, Designated Officer for Food Safety, Madurai district, told The Hindu that marriage halls should have food safety license as they have a kitchen to prepare food for marriages and other functions. This was the first meeting we had officially organized for this target group of kalyana mandapams and catering people. Cleanliness of kitchens in marriage halls is a top priority since it concerns general public who consume food there. The marriage halls were asked to make enquiries whether the catering contractor booked by customers has the mandatory food safety license.

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66 Personal Interview with Santhanarajan, Former Government Analyst, Kings Laboratory, Chennai, dated 15 February 2011.
67 The Hindu, Hitches Hamper Functioning of Food Safety Officers, dated 20 December 2011.
Normally, a family books marriage hall well in advance and so there is plenty of time available for the caterer to get the licence if it is not obtained already. The marriage hall owners have been asked to instruct their staff to verify the food safety licence of the caterer.68

The deadline for food business units to register themselves under the Food Safety and Standards Act 2006 was fixed as 4 February 2013. According to estimates, about 14,000 units are engaged in the food sector in the Tiruchi district. Just about 5,500 units had complied with the requirement in the district so far. Of these, about 4,000 would require licence and the rest would have to be registered. All food business operators with a turnover of Rupees twelve lakh should obtain licence from the designated officer and those with turnover of below Rupees twelve lakh should register themselves with the respective food safety officer as per the provisions of the Act. Apart from hotels and restaurants, roadside eateries, grocers and departmental stores selling food products, and meat stalls would have to register or obtain licence depending on the turnover. The State government has established Tamil Nadu Safety and Drug Administration Department to enforce the Act. A district-level designated officer and twenty two food safety officers have been appointed for Tiruchi district. Five food safety officers have been appointed within the Tiruchi Corporation limits and one each for the three municipalities and fourteen blocks of the district. When contacted, A.Ramakrishnan, designated officer for the district, Tamilnadu Food Safety and Drug Administration Department (Food Wing), said about 5,000 units were registered and another 489 were issued licence. The functions of the department included taking steps to ensure that food supplied to people was safe, issuing licence to micro and small traders and other commercial establishments engaged in food business, preventing sale of food products hazardous to public health, creating awareness of food safety, and conducting surveillance. With just about twenty days left for the registration, traders’ organisations had been calling upon the government to defer the enforcement of the Act and sought further time to register or obtain license. On Wednesday, Tiruchi District Bakery Owners Association held a meeting to discuss the issue and urged the government to defer the enforcement of the Act. “There is still not much awareness of the Act among bakers and we need more time to register or obtain licence,” said B.Sundararajan, president (in-charge) of the association. Mr.Sundararajan also felt that it would not be practical to conform to several

68 The Hindu, Marriage Halls and Caterers Come under Food Safety Act, dated 8 January 2013.
provisions of the Act. However, district officials said that a series of meetings have been conducted at the district and block levels to sensitize traders to the provisions of the Act. The fears of traders, the officials said, were exaggerated. In fact, the Act would prove to be advantageous to traders. The do’s and don’ts are clearly laid down in the Act unlike the previous acts. Traders are not treated as accused under the Act and the District Revenue Officer will be the adjudicating officer and pass orders on the reports sent in by the designated officer. 69 It is also reported that even temple prasadam is covered under the Act.

At the same time, it is also reported that there are protests from several quarters against the implementation of the Food Safety and Standards Act. Members of the Tamil Nadu Traders Federation would stage a demonstration in the city on 2 February against the Food Safety and Standards Act. 70 A decision to this effect was taken at an urgent consultative meeting of office bearers of the federation held here according to Ve.Govindarajalu, state general secretary of the federation. The Act, the federation contended, had several shortcomings, and clauses which could not be complied with in practice. Urging the Centre to reconsider the Act, which was notified last year, the federation charged that the provisions of the law depicted small traders and vendors as criminals. It would also threaten the livelihood of small traders, it said. In a resolution adopted at the meeting, the federation said the Act would only help encourage corruption. The Act was part of the Centre’s attempts to allow foreign direct investment in retail trade through the backdoor, another resolution alleged, and affirmed that the traders would never accept the Act. With provisions for jail terms, the Act poses a threat to small food product manufacturers and traders, it said, and demanded its withdrawal. In another resolution, the federation said shopkeepers around the Central and Chattram bus stand have been disallowed by the police to keep their shops open beyond midnight over the past few days. This not only affected the traders but also the people travelling in long distance buses as they were not able to get food and other essential commodities. The federation appealed to the city police to allow shops in the two bus stands, especially eateries, tea stalls, and bakeries to function round the clock.

69 *The Hindu*, A Large Number of Food Business Units Yet to Register under Food Safety Act, dated 17 January 2013.
70 *The Hindu*, Traders Protest Against Food Safety Act Tomorrow, dated 1 February 2012.
It is to be pointed out that in Tirunelveli, no such awareness has been created among the food caterers. Eateries functioning in the district should obtain a proper licence from the authorities concerned as per the provisions of the Food Safety and Standards Act, a release from the Collector said. The release issued here said that the Act came into effect throughout the country from 5 August 2011 after the Government repealed the Prevention of Food and Adulteration Act 1954 and seven other Acts that were in force. Under the new Act, licensing and registration of food businesses is mandatory. The District Designated Officer has been given powers to check food product standards, packaging, labelling and adulteration in restaurants, eateries, small hotels, bakeries, tea stalls and all small and cottage industries.

Mushrooming of unlicensed shops and roadside eateries near New Bus Stand, Old Bus Stand, and Market Street, and selling chicken, meat and fast food items in towns and others parts of the district have become a cause for concern as people throng these eateries and consume unhygienic food. Though they offer taste, use of non-permitted colours, reuse of cooking oil, poor quality of drinking water, unclean plates and food items kept in the open and exposed to dust pose serious health hazard to the consumers. Such conditions remain unchecked. It was also said that dead chicken from poultry units were used by a few shops and offered at low price in many eateries. A few eateries mushroom in the evening and run till late night near drains where mosquitoes breed and spread diseases. These eateries procure contaminated tap water and serve this to their customers. Though doctors warn people to keep away from these tempting food items that cause serious problems, people continue to consume these foods. Roadside eateries, bakeries, milk vendors, provision stores, hotels, bakeries, roadside shops, canteens functioning inside the educational institutions should obtain the licence from the authorities. If violated, action would be initiated as per the Act. If they functioned without licence a fine of up to Rupees five lakh would be imposed and for violation of the Act a fine of up to Rupees two lakh and imprisonment up to six months would be imposed. It has a huge penalty clause. Traders


72 The Hindu, Health Officials Inspect Eateries for Adulterated Food, dated 30 September 2011.

73 Ibid.
will run away from business if they are penalised. They have requested the government to suspend the implementation of the Act till amendments are made and standards are finalised.

Agriculture occupies a very important role in the growth of economy of our country, which is also the backbone of the economic system. India is primarily an agricultural country. The prosperity of the Indian economy is dependent on the course of agricultural production. Of course, agriculture contributes a major share of the national income of India. In India, agriculture meets almost the entire food requirements of the people. Agriculture also provides fodder to sustain livestock whose number runs to several crores. In the field of agriculture, marketing determines the value of the agricultural product in terms of money and delivers them to the final customer. Most of the farmers sell their produce through village level markets, fairs, Mandies, Co-operative Societies etc. In the above process of agricultural marketing, the middlemen exploit farmers as well as consumers. In order to eliminate the middlemen between farmers and consumers, the Government of Tamilnadu introduced the new concept, namely “UZHAVAR SANTHAI” in 1999. 74

The concept of farmers’ markets in India had its roots originating to Kal Khoj in Russia and street side shops in the U.K. Kal Khoj is a farmers’ market in Russia, which was started by the farmers to sell spinach and vegetables. Moreover, during a visit to UK, M.S.Gill, the former Union Agricultural Secretary, noticed that some of the farmers were selling vegetables and fruits at a roadside on a collective basis and the place was busy with a number of consumers. He found that the farmers directly sold their produce to the consumers without the help of any intermediaries. After observing these, the idea of setting the farmers markets exclusively for selling fruits and vegetables grown by the local farmers was conceived in the early 1990’s by Union Agricultural Ministry. The first farmers’ market namely Apni Mandi or Kisan Mandi was started in Chandigarh, Punjab in 1987 and later on at Karnal, Haryana in 1988. Noticing their success, the Union Ministry of Agriculture suggested the idea of starting farmers market in other states. Andhra Pradesh took immediate steps to start Rythu Bazaar. Basic infrastructure facilities like market yard, lighting etc. are provided at the Farm level, extension services of the

relevant departments are also pooled in, securing the benefit of on-going Government scheme to “Apni Mandi” farmers.\textsuperscript{75}

Generally, the middlemen and wholesale businessmen purchase the Agricultural products from the farmers at a lower price. They also get the commission from the farmers for the transactions made. In turn, fresh vegetables and fruits purchased at the lower price from the farmers are sold out to retail businessmen at higher price and the retail businessmen sell those Agricultural Products further at higher price to the consumers. As a result, the farmers get only the lower price for their produce whereas the consumers have to pay higher price for the same produce. Hence, the Government of Tamilnadu has introduced an alternate scheme of marketing, which is known as “UZHAVAR SANTHAI” in order to derive more benefits to the farmers as well as consumers.\textsuperscript{76}

The prices of vegetables and fruits were daily displayed in front of each shop as well as exhibited in big signboards of the market and it was ensured by the Department staff that the fruits and vegetables were sold at the fixed rates. Horticultural Department officials identify vegetable growing farmers in the villages and photo identification cards are issued to those farmers. Shops were allotted at free of cost to the farmers who bring their produce on first come first served basis and shops are not permanently allotted to farmers. Aavin, Tan tea stalls were also set up in some places. The farmers were permitted to bring their produce without any fair for their luggage in special trips from the villages to Uzhavar Santhais. Hill vegetables are sold in Uzhavar Santhais through women self help groups, Cooperative Societies. Weighing scales were provided at free of cost for the use of farmers and they are retrieved after the sale proceedings were over. Sanitation was maintained. In some places vermicomposting of vegetable wastes was also done. Ex-Servicemen/Private security agencies were used for the security of the market. Telephone facilities, Vehicle stand, Canteen, Toilet facilities were also provided. The Uzhavar

\textsuperscript{75} The Times of India, Surprise Check at Apni Mandi, dated 21 July 2011.

\textsuperscript{76} The Hindu, Odisha Eyes Uzhavar Sandhai Model, dated 26 January 2013.
Santhais were functioning on all the days of the week. Water supply was available in the Uzhavar Santhai. To sell unsold items on the next day, storage facilities were available.

The location of the “Uzhavar Santhai” was of utmost importance from the point of view of consumers. The Uzhavar Santhais were located in a consumer area, where the consumers can approach to the market easily. In fact, the main intention was to ensure the urban character of the location, so that adequate number of consumers benefitted from the market. The first Uzhavar Sandhai of the state was inaugurated on 14 November 1999 at Madurai and hundredth Uzhavar Sandhai on 14 November 2000 at Pallavaram. 103 Uzhavar Santhais were established between 14 November 1999 and 30 April 2001. Twenty eight Uzhavar Santhais, which were closed between 2001 and 2005, were reopened during June 2006 and an amount of Rs.42.00 lakhs was spent for the renovation of 103 Uzhavar Santhais. At Present 103 Uzhavar Santhais are functioning with full vigor. The new concept of Uzhavar Santhai is implemented in Tamilnadu in massive scale. All Uzhavar Santhai are maintained by Agricultural Marketing Department and manned by the staff of the Department of Agricultural Marketing, Agriculture, and Horticulture. The District Collector is the coordinator for running the Uzhavar Santhai successfully in the Districts whereas in State as a whole, the scheme is implemented by the Director of Agricultural Marketing and Agribusiness, Chennai-32. In Tirunelveli district Ulavar Santhais were formed in 2000 at four places namely, Maharaja Nagar, Tenkasi, Kandiyaperi and Sankaran koil. And in 2008 one more uzhavar sandhai was formed at Melapalayam and another one in 2009 at Ambasamudram.77

The Uzhavar Sandais were maintained by the Market Committees of the Department of Agricultural Marketing and Agribusiness. The concerned Market Committee Secretary was the coordinator for the Uzhavar Sandai as additional charge to his duties. For the Uzhavar Sandai that is not established at the committee head quarters the Assistant Director of Agriculture/Assistant Director of Horticulture in the jurisdiction holded the additional charge of Coordinator of Uzhavar Sandai. The Coordinators of Uzhavar Sandai must look after the daily functioning of Uzhavar Sandai, price fixation etc. In addition to the Agricultural officers and Assistant Agricultural Officers in the post harvest technology centers of the Department of Agricultural Marketing and Agribusiness, Agricultural officers and Assistant Agricultural Officers of the

Department of Agriculture and Horticulture in the districts were also utilized. Of these six, Uzhavar Sandahai at Maharaja Nagar and Melapalayam were well contributed by farmers and well utilized by consumers in Tirunelveli.

Based on the recommendations made by the team, identity cards were to be issued to the farmers, in which photo of the land owner and his nominee with the particulars of the village name to which the farmer belongs, survey number, extent of the land owned by him, and the vegetables grown were mentioned. The identity cards were to be renewed every six months with reference to the vegetables grown in their fields. Transport facility for pick up and dropping down of the registered farmers to the Farmers market were arranged by the market functionaries through tie-up with state transport department. Stalls were allotted to the farmers by following lot method or first come first basis. The farmers were not allowed to occupy the stalls permanently. No fee was collected from the farmers. The market committee communicated every day the moderate wholesale prices of vegetables through fax between 7.30 AM and 8.00 AM. Based on the same, the prices of vegetable were fixed in consultation with the farmers committee, which may be twenty to twenty five percent higher than the wholesale price and lower than the local retail market prices in the area. Prices of vegetables were frequently announced through public address system to create awareness of the rates of the vegetables among the consumers as well as farmers.

When the farmers enter into a Farmers market their names along with the particulars such as name of the village and the quantity of vegetables brought by them are entered in a register and they are issued a token. On the basis of the token issued to them, all the farmers are provided with weighing scales without collecting any fee. The farmers will return back the scales after completing their sales. Additional facilities like Computers for effective communication, new hybrid seeds, seedlings, organic farming methodology, vermicomposting demonstration and post harvest management training to farmers will also be offered to those farmers visiting Uzhavar Sandhai. Twenty five Uzhavar Sandhais have been supplied with computers.

Uzhavar santhai is popular among farmers and it is functioning efficiently. But still buyers complain about prices of vegetables sold inside the market. The farmers need cold
storage system to leave the unsold vegetables to be kept inside. Sanction of funds for electricity charges and uninterrupted power supply were the needs from the point of view of farmers. Buyers complained that prices of vegetables varied depending on farmers. No uniform rate was collected. Another complaint is that private vendors encroached the front entrance of the shandy and it was difficult for buyers to enter easily. But according to the Government order, no private vendor should set up a vegetable shop near the farmer’s shandy. Further, wholesale buyers visited the market much earlier than the general public and purchased products by paying money on the spot. Because of this, the regular buyers did not get some vegetables. But they are available with the handcart vegetable vendors in front of the market. The buyers also complained that no police guard had been provided for the shandy. They also complained that the prices were not fixed reasonably. The following points emerged in a discussion with a few consumers.78

Most of purchasers at Uzhavar Sandhai are females. Majority of consumers are above forty years of age. Majority of the respondents purchased vegetables in the morning timings. Most of the respondents considered quality of vegetables as major influencing factor in purchasing at Uzhavar Sandhai. Majority of the consumers perceived the quality of vegetables at Uzhavar Sandhai as good. Majority of the consumers perceived the Price of vegetables at Uzhavar Sandhai as average. Most of the consumers felt the availability of vegetables at Uzhavar Sandhai as good. Majority of consumers of Uzhavar Sandhai at Maharajanagar at Palayamkottai felt that it is located at a central place with easy access. Majority of consumers felt the behavior of sellers at Uzhavar Sandhai as impolite. 79

The next problem relates to MRP. Sometimes consumers are often made to pay more in the name of local taxes. The Consumer Goods (Mandatory printing of cost of production and maximum retail price) Bill, 2006, did not see the light of day. According to the Standards of Weights and Measures (Packaged Commodities) Rules, manufacturers must state that MRP includes all Central and state government taxes on all packaged products.80 In today’s scenario it

78 Personal Interview with Krishnamoorthy.A., Agricultural Officer, Uzhavar Sandhai, Maharaja Nagar, dated 6 June 2011.
80 The Times of India, Maximum Retail Price Crackdown Nets Rs 10 Lakhs, dated 8 May 2012.
is usually found that the prices of consumer goods traded in the markets are settled arbitrarily by the manufacturers. Even you can realize that in a market where within one city, different products have different rates of taxes, it becomes very difficult for consumers to check whether retailers are actually charging the correct amount of local taxes on the products they sell. Therefore the confusion in respect of price of the goods is natural for the consumer and the manufacturers gain huge profit as the actual manufacturing cost is very low. The manufacturers arbitrarily fix the price and the consumers are compelled to purchase goods at higher costs. Under the Weights and Measures (Packaged Commodities) Rules, all packed goods should carry certain essential information on the contents of the package, such as its weight or volume, the name and address of the manufacturer, the date of manufacture, and in case of food packages, the best before date and, of course, the maximum retail price (MRP). Under the Consumer Goods (Mandatory Printing of Cost of Production and Maximum Retail Price) Act, 2006, certain guidelines has been provided so that the consumer can not charge over to the maximum price printed on the goods by the manufacturer. These guidelines are as follows: Consumer goods mean all goods and items brought in the market for sale and are meant for the use and consumption of the consumers. Cost of production means cost incurred directly or indirectly by the manufacturer in the production of goods. Printing means printing of the cost of production and retail price at a visible place on the product in Hindi and English and the local language of the place it is sold. And maximum retail price means such price at which the product shall be sold in retail and such price shall include all taxes levied on the product.

The legislation has made it mandatory for the manufacturers to printing of cost of production and maximum retail price on packaging of consumer goods, so that the consumer could not get overcharged by the agents/dealer. It is essential for the consumers to know the difference between the maximum retail price and actual price of the goods. The maximum retail price is inclusive of all taxes and a retailer can sell at a price below the MRP. In fact consumers should always look for retailers who sell below the MRP because the MRP is the maximum retail price allowed for that commodity and not the actual price and a retailer can well reduce his

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81 *The Times of India*, Manipulation of Price has Now been Stopped in Packaged Commodities, 10 November 2012.

margin built into the MRP. While on the other hand, the actual price could be about ten to fifteen per cent lower than the MRP. Sometimes the printed MRP is so high that the difference between the selling price and the MRP can be as much as thirty to fifty per cent. It is an offence to sell at a price higher than the marked price. Whereas the actual price could be about ten to fifteen per cent lower than the MRP. Some times it has been found that the consumers go to market and take products from the shops without even looking the MRP written on the packaging and carton of the products. In that situation dealer told the price of the products to the buyer and also states that he would give on discount rate. After buying the same when buyer comes back to home than only he/she finds that the price of the goods mentioned on the packaging and carton is already less than the price on which he/she has bought after discount. Under the Standards of Weights and Measures (Packaged Commodities) Rules, manufacturers have to specify on all pre-packed goods meant for retail sale, the MRP inclusive of all taxes. This is a requirement meant to ensure that consumers are not misled by the agents/dealer and shopkeepers about the price of packed goods. Overcharging is an offence for which the trader can be prosecuted and prosecution can be launched against the manufacturer in case the packaged commodities bears the price which is altered.\textsuperscript{83} In the above-mentioned case, the dealer takes advantage of the fact that the consumer could not see the packaging and quoted a higher MRP. Sometimes it also happens that the manufacturer increases the price of a product and sells old stocks/products on new price rates and if buyers ask the reason they simply answer that the Price has increased because of the changes in duties or increase in the cost of production and the new packages carry the revised MRP. Obviously, this new price does not apply to the stock already with the retailer. And this is where retailers try to make a quick buck by trying to sell the old stock at the new revised rate, even though doing so is an unfair trade practice.

On the similar issue a complainant filed a complaint case before the apex consumer court. The issue involved in the complaint was that the complainant went to purchase a product namely tarpaulin (Waterproofed Canvas), the price mentioned on the ‘duckback baby sheet’ purchased by him was Rupees ninety two, but the seller asked him to pay for Rs 112 along with the statement that the price of the sheet was actually Rs 124 but it had an old label indicating the MRP as Rupees ninety two. So after discussion, the price was settled between them (the seller

\textsuperscript{83} Ibid., p.17.
and the buyer) at Rs 112. In the above said matter the State Commission held that if the old label on the product indicated Rupees ninety two as the MRP, then charging more than what has mentioned on the packaging was illegal and the activity of the seller constitutes an unfair trade practice. And as a punishment for indulging in such a practice, the commission used the relatively new provision in the Consumer Protection Act to impose exemplary damage and asked the seller to pay the consumer punitive damages of Rs 10,000. The apex consumer court, before which the seller filed an appeal, said it fully agreed with the view of the state commission. While doing so, it pointed out that if the price had been increased from Rupees ninety two to one hundred and twenty four due to increased cost of production and transportation, which would apply only to the new stock. The price of the old stock cannot change. In the circumstances, the old stock cannot be sold at the new price. Therefore, the state commission was right in imposing exemplary compensation.  

Battling fraud relating to maximum retail price (MRP) is not easy as there is no well-oiled consumer rights machinery in place. Some organizations have in-house mechanisms such as a complaint cell or consumer care attendants to take care of complaints.  

Since there is no specific procedure against retailers who sell products such as Aavin milk at prices higher than MRP, customers have few options to pursue a complaint and see offenders booked. All they can do is approach the state-run federation's complaint cell.

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84 National Consumer Disputes Redressal Commission, New Delhi, Order on Revision Petition No 2132 of 2007, dated 5 July 2007.
Consumer rights activist C. Vijayan brought to light the issue of theatre owners inflating rates of water and soft drinks in violation of MRP norms. When he confronted the deputy commissioner of labour, the initial response was that they did not have any authority to proceed against theatre owners. Later, labour officials realized that it was their duty to crack down on such violations. Since then, several theatres have been pulled up and issued notices for MRP violations. Theatres had a convenient escape route. Most of them have switched to vending machines. What you get in paper cups cannot be called a packaged commodity, and hence no MRP norms can be applied. The department is also short of staff and unable to bring all violators to book. The next option for a vigilant consumer is the consumer forum, says Vijayan. The only problem with this route is that the onus of proving the violation is on the complainant. After lodging a complaint, consumers have to run around piecing together your case and collecting evidence to prove the illegality. While the labour department assumes the role of an investigator and probes violations, in consumer courts the complainant does everything to prove the violation. A private member's Bill introduced in the Lok Sabha in 2006 suggested printing of the cost of production of a commodity along with the MRP.

In this connection it is to be pointed out that the officials of the Consumer Protection Department recently conducted raids on private hospitals, run by doctors, in Tirunelveli district on complaints that they were selling medicines without proper licence, above the maximum retail price and issuing bills without mentioning the manufacturing date, batch number, expiry date and the MRP. According to an official, a case had been registered against a doctor in whose hospital drugs were sold to patients after removing the package/cover of drugs carrying MRP, manufacturers' name, date of expiry etc. Action had been initiated against three doctors on similar complaints. According to an official press release, patients can pursue legal action against doctors and hospitals under section 12 of the Consumer Protection Act, 1986 by filing complaints with the District Consumer Disputes Redressal Forum. Further under section 14 (1) (hb) of the said act, appropriate action will be taken by the department against defaulters by claiming compensation for financial loss to patients who have been charged more than the MRP. If any public or voluntary consumer organization comes to know of sale of medicines at prices

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86 Personal Interview with C. Vijayan, Joint Secretary, Tirunelveli District Consumer Rights Protection Society, dated 3 February 2011.

87 The Hindu, Raids in Hospitals in Tirunelveli, dated 4 June 2010.
higher than the MRP, they may contact the local drugs inspector or file a complaint with the District Collector.

Autorickshaw drivers everywhere demanded exorbitant fare and even shouted at passengers if they disagreed with the fare proposed by consumers and Tirunelveli District is not an exception to this. The Tamil Nadu Consumer Protection Organisation had appealed to the State Government to make it mandatory for auto rickshaw drivers to go by meter rates. At a meeting on Saturday, the organisation resolved to demand that auto-rickshaws install correct meters and fares be charged on the basis of meter reading. The appeal was put forth at a meeting with the Special Commissioner of Civil Supplies and Consumer Protection to be held on 19 June 2006.88

The Consumer Protection Council of Tamilnadu had come out with a new concept in Tiruchi. The introduction of seven auto rickshaws, all fitted with electronic fare meters, by the city based Consumer Protection Council-Tamil Nadu last week has brought much joy to Tiruchiites. The programme has proved a big hit with these auto rickshaws always on demand round-the-clock. Despite the overwhelming public support, the project is facing the initial hiccups, thanks to the stiff opposition from a majority of the auto drivers. Of the seven auto rickshaws pressed into service last week, only three are on the road now, as the drivers of the other four vehicles have left their jobs.89 The project brought relief to the commuters who were fed up with dealing with unscrupulous auto rickshaw drivers. The meter charge has been reasonable, compared to the exorbitant fare that the other auto rickshaw drivers charge. The auto rickshaws were charging Rs. 350 for covering the distance from Chinnakadai Veedhi to airport. But the meter fitted autos collect only Rs. 120. The fare in the meter fitted autos is only Rupees twenty from Chinnakadai Veedhi to Thillainagar, compared to Rupees seventy collected by the other autos and Rupees fifty five for reaching Senthaneerpuram from Pattabiraman Road, says a private concern employee. The project has evoked overwhelming response with the master phone centre receiving innumerable calls even in the late evening hours. The running of the

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88 *The Hindu*, Auto Fares Must be Based on Meter Readings, dated 11 June 2006.

meter fitted autos has evoked stiff opposition from other auto drivers. “The meter fitted autos are attacked and sign boards “metered autos” damaged. The drivers are threatened and intimidated. This is the main reason for the quitting of four auto rickshaw drivers within a short period of introduction of this project lamented S. Pushpavanam, secretary of the Consumer Protection Council-Tamil Nadu, who was the moving force behind this programme. Pushpavanam said that they were undeterred and were on the look out for new honest, efficient, committed auto drivers with driving licence satisfying all the conditions of the transport department. Once they got adequate drivers, the project will be strengthened. A cross section of the people say that meter fitted autos are the need of the hour.

In the first phase, the pre-paid auto system should be introduced from important points. This system is working in Chennai Central. In Karnataka, pre-paid system is available in bus stands too. In Mysore, pre-paid system is functioning in the bus stand also. If pre-paid system was introduced, the passengers would not be at the mercy of the greedy auto rickshaw drivers. The auto rickshaw drivers always justify the collection of high fare and rejection of meter fitted autos on the theory “small city requiring bigger fare”. The Consumer Protection Council-Tamil Nadu had taken up the issue of the presence of a large number of unauthorized auto rickshaw and taxi stands in the city limits. New auto rickshaw stands came up without getting permission from the authorities and this caused nuisance to the public. The council has complained to the District Collector in this regard, said Pushpavanam. Only twenty five auto rickshaw and taxi stands were permitted ones in the city and the Council had sought the list of the permitted stands from the authorities. After obtaining the list, it had planned to seek steps to remove the stands functioning without permission.

Transport Department officials conducted periodical checks on erring auto drivers. For instance the Regional Transport Officer (North), conducted checks on erring auto drivers in the Madurai city on. Following complaints, the District Collector, U. Sagayam, had directed the officials to look into it and register cases against auto drivers who were found violating the Motor Vehicles Act. The RTO (North), N. Ravichandran, said that nineteen auto rickshaw

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drivers were charged for various violations, which included overloading, driving without licence, non-possession of pollution certificate and operating without fare meter. Apart from detention of eighteen auto rickshaws for a week, spot fine of Rs.6,600 was also collected from the erring drivers, he added. In the recent weeks, consumers complained that utilising holiday rush and festival season many auto rickshaw drivers demanded not only exorbitant fares but also indulged in rash driving in the city. Traffic police personnel said that overloading autos was fined and in some cases they impounded the vehicles during a check conducted recently.

Transport Department officials Ganesh Subramanian, Karuppiah and Selvi, who were part of the operation, warned the erring auto drivers against violating road rules. The drivers were instructed to wear uniform and display their badge with names prominently. Many auto drivers, who were found talking over their hand phones, were also punished for the offence as it attracted a fine of Rs.1,100, they added. Public were asked to complain about any Motor Vehicle violation by the auto drivers with the RTO authorities and Mr. Ravichandran assured stern action as per law.

Chennai-based advocate P. Immanuel Prakasam said though one lakh auto rickshaws were plying in the State, most of them did not have a meter. Even if there was a meter, the driver would not collect fare on the basis of the reading. He alleged that auto rickshaw drivers were collecting a minimum of Rupees fifty for one kilometre because the government so far had not fixed any slab pertaining to the minimum fare for the first two kilometre and every additional kilometre thereafter. Sometimes they collected exorbitant amounts. This led to unwanted quarrels with passengers, causing mental harassment, hardship and agony. The government should not remain a silent spectator. Traffic police personnel were not registering cases against drivers, though they were aware that the drivers had not fixed meters and were not collecting fare based on the meter reading. This was illegal and could not be sustained in the eye of law. Prakasam said the public at large would be benefited if the State government, through enforcement authorities, ensured that drivers fixed fare meters and collected fares only on the basis of meter reading. He recalled his representation to the Secretary and Commissioner of the Transport department in this regard. But his grievances in the representation have evoked no response.
The public interest litigation petition filed by Chennai-based advocate P. Immanuel Prakasam wanted the Tamilnadu government to direct auto rickshaw drivers, through subordinate officials, to fix fare meters approved and sealed by the competent authority. Mr. Immanuel Prakasam said that the government should direct auto rickshaw drivers to collect the fare on the basis of meter reading. This public interest litigation petition seeking a direction to fix a minimum auto rickshaw fare slab came up for hearing. The First Bench of the Madras High Court on Monday directed the State government to spell out steps it had planned to take for regulating auto rickshaw fares. Chief Justice M. Yusuf Eqbal and Justice T.S. Sivagnanam asked the Government Pleader to get instructions and reply in three weeks.92

In this context, the Government constituted a Group of Experts (GoE) to consider various issues relating to the determination of tariffs for auto-rickshaws in the NCT of Delhi. The Group had its first meeting on 17 December 2002 and, in accordance with Transport Commissioner’s letter No.PS/CT/T/A2002/618 dated 16 December 2002, the following Terms of Reference (TOR) were finalized.93 The first one was to determine the principles on which tariffs/fares have to be fixed. The second one was to arrive at a formula for determining tariffs based on the principles identified above. The third one was to index-link the formula namely link another tariffs to an index or indices so that fare revision can be carried out in a simple and transparent manner and the fourth one was to take into account conditions prevailing in other metropolitan cities namely tariffs, input costs, and other relevant conditions.

One of the main terms of reference for this Group was to determine principles of tariff fixation, arrive at a formula, and suggest possible indexation. The normative cost approach that had been adopted met these requirements. It was grounded on principles, yields tariffs based on a formula, and was readily amenable to indexation. While discussing tariff fixation, the Group also considered issues relating to night charges, waiting charges and luggage charges. Currently, night charges were set at a twenty percent premium over the fare. Night charges in Mumbai and Chennai were reported to be twenty five percent. The Group did not see any reason why night

92 The Hindu, Exorbitant Auto Fares: Tamilnadu Told to Spell out Steps, dated 28 September 2010.

charges could not be hiked to the level in other metros. Waiting charges were currently nil. Taking into account the opportunity cost of time for an auto operator, it was felt that waiting charges of Rupees fifteen to twenty per hour or part thereof subject to a minimum of a fifteen minute stay were justifiable. Third, the luggage charge rates currently in force were weight-based, difficult to enforce, and not easily understood. It would be simpler to introduce a per piece charge. The intention was that passengers with bulky luggage should pay on a per piece basis. One possible way was to stipulate that except for shopping bags, or a small attaché case, etc., all other luggage would attract a charge of Rupees five per piece. Some other matters related in general to auto transport services in the city arose during the course of the deliberations. The views and suggestions on some of the main miscellaneous items such as Grievance Management, Auto stands and auto meter were as below:-

A helpline has been started to assist consumers in dealing with recalcitrant auto drivers and to enable the authorities to monitor behaviour of auto operators. A system needs to be put in place that enables auto operators/drivers to communicate legitimate difficulties they may encounter either in regard to passengers, or more importantly, in relation to regulatory requirements of official agencies. Such a Grievance Cell could be monitored by a Committee including both official and non-official representatives, and would attempt to both mediate and help enforce compliance to the rule of law by all concerned parties.

The auto meter is a critical technological input to a successful fare structure. Tariff determination on clear criteria and principles would be set at naught if fares have to be negotiated for each journey. This is why meters matter. Insisting on appropriate safeguards for the quality of a meter is absolutely essential. What is really needed is a simple device that measures distance, because once distance based tariffs are announced the passenger can easily compute the fare due provided the meter accurately reports distance traveled. There have been some complaints about the malfunctioning of electronic meters. While installation of meters is essential and must be insisted on, it would also be necessary to devote some attention to reported problems in the functioning of meters and to upgrade stands and quality of meters. In addition, a legible display of other information, the fare-structure, ought to be mandatory. The Group noted that an initiative has been taken to develop fare charts which indicate point-to-point distances.
This was a laudable effort; Government wished to consider that, apart from meters, such fare charts should routinely be displayed in autos. Even if the distances were only indicative, at least it would prevent instances of gross over-charging.⁹⁴

Thus the consumers and consumer organizations in Tirunelveli district have utilized the inbuilt redressal mechanisms for their protection with regard to public utility services only to some extent. Yet there is a need for a more effective, participative, interactive and expeditious complaint interface between the service providers and consumers and consumer organizations.

¹⁹⁴ Ibid.