Chapter 5

EVOLUTION OF THE FUNCTIONS OF CONSUMER PROTECTION AND GUIDANCE SOCIETIES

Introduction.

The Indian consumers are characterized by illiteracy, poverty and ignorance. To bring them to the level of developed countries, organized effort is needed not only from the side of the government but also from voluntary consumer organizations. The consumers should be educated to protect them from goods and services, which are hazardous to their life and property. They should be made cautious about the unfair trade practices, which are rampant in the commercial field. They should be informed about their rights to have access to a variety of goods and services at competitive prices. There is the need of informing them about the various forums, which are protecting their interest. This can be achieved only by giving mass education and awareness in consumer rights and remedies available under various laws.

For a long time, even after independence, the government of India did not have a consumer policy for the welfare of consumers. To protect the consumers’ interest there was a Consumer Affairs Department headed by one Secretary assisted by an Additional Secretary and a Deputy Secretary, with few Under Secretaries and Section Officers. It should be noted that India is a very vast country with over one billion people and all of them are in one way or the other consumers. Among this
one billion people nearly 320 million are below the poverty line and 50 million of them are destitutes. With this limited number of staff and without a declared consumer policy the interest of the consumers could not be protected.

With the passage of time the problems faced by the consumers have increased manifold and they began to feel the lack of a common platform where they can enforce their rights and get the redressal of their grievances. The adoption of the United Nations Guidelines for Consumer Protection in March 1985 and consequential passing of CP Act, 1986 paved the way for the establishment of CP&G Societies. These societies are performing a lot of functions.

The functions of the CP&G Societies can be grouped into three segments. They are consumer education, consumer guidance and consumer protection. The main sources of these functions are the UN guidelines for consumer protection and the CP Act, 1986. Even before the adoption of UN guidelines for consumer protection and the enactment of CP Act, 1986, some voluntary consumer organizations were working in India but their functions were not crystallized. The real crystallization of the various functions of CP&G Societies took place only after the adoption of UN guidelines for consumer protection and the enactment of CP Act, 1986.

Consumer education

In stating the objects of consumer education, the UN guidelines has pointed out the need for developing by the government general consumer education

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programmes, bearing in mind the cultural traditions of the people concerned. The aim of such programme should be to enable people to act as discriminating consumers, capable of making an informed choice of goods and services, and conscious of their rights and responsibilities. It has further stated that in developing such programmes, special attention should be given to the needs of disadvantaged consumers in both rural and urban areas including low-income consumers. The guidelines stressed the need for encouraging the development of consumer education programmes in mass media for the purpose of reaching to the rural and the illiterate consumers. It points out the importance of providing training programmes to consumer educators, mass media professionals and consumer advisers by the government for ensuring maximum effectiveness of consumer education programme. Further, in the guidelines on ‘Education and Information Programmes’ the UN has stressed the need for encouraging consumer organizations and other interested groups to undertake education and information programmes with respect to environmental impacts on consumption patterns, and on the possible implications, including benefits and costs.

With respect to Indian context the consumer education was at very low ebb before the enactment of CP Act, 1986. Educating the consumers is different from informing the consumers. Educating the consumers is a time consuming process involving personal dedication, professional skills and money. Consumers who are ignorant and functionally illiterate are less likely to know and protect their rights either as citizens or consumers.

Consumer education teaches individuals to be more skilled buyers and enables them to know what is value for money. Consumer education therefore should take place in the classrooms, workplaces, communities and homes. The practitioners of
consumer education should include teachers, parents, trade unionists, community leaders, as well as consumer education advocates in government, business, non-government organizations (NGOs), and the media. Thus it indicates that the consumer education should embrace all sections of society formally and informally.

The concept of consumer education covers area such as consumer choice, consumer decision-making, personal resources management of consumers and the consumers’ participation in the marketplace. Consumer Choice and Decision-making include, consumer information availability, consumer decision-making and the impact of technology on consumer choices and consumer health and safety. Personal Resources Management of consumers relates to earning, spending, saving and investing of money by consumers. Consumer Participation in the marketplace is concerned with consumer protection laws, agencies and sources of assistance to consumers, rights and responsibilities of consumers, consumer redress-assertiveness and consumer organizations. The above discussion shows the need for consumer education, and the CP&G Societies are now taking the role of consumer educators by performing this function in the following areas.

1. The CP&G Societies are providing good insight about various laws affecting the consumers. Lecture classes are given by experienced professionals in the field of law through the auspicious of these societies.

2. Whenever the amendments are made with regard to consumer protection laws the CP&G Societies conduct seminars with regard to these amendments. Experts are invited to give classes on the amendments. This enables the consumers to understand the positive and the negative sides of the amendments and their impact.
on them. Through these seminars, opinions are formed about the changes needed for making the consumer protection laws an effective tool to protect the interests of the consumers. The views of the consumers are collected and are referred to the government for making further changes.

3. One of the glaring defects of the Indian consumer is his inability to enforce his right as a consumer. It is due to his ignorance about the various rights of the consumers or his innate feeling that he is unable to enforce his right against the mighty sellers and manufacturers. Through the workshops, the consumers are provided the training to enforce their rights as well as to do their duties. These workshops provide a true ground to the consumers to fortify themselves against the exploitation of manufacturers.

4. For protecting the interests of the consumers and for the redressal of their grievances, the District Consumer Disputes Redressal Forums, the State Commissions and the National Commission have been set up as per CP Act, 1986. But due to illiteracy and ignorance of the Indian consumers regarding the court proceedings, majority of the aggrieved consumers are silent sufferers. The CP&G Societies provide valuable information through moot courts. Through the moot courts the consumers get first hand information about the procedure of District Forums, procedure of filing a complaint with the District Forum, documents that are needed for the complaint, procedure of writing a complaint, copies needed, to whom it should be addressed, structure of the District Forum, procedure of appeal to State Commission and National Commission, jurisdiction of the District Forum, State Commission and National Commission. The books published by the societies also go a long way in creating awareness regarding the procedures.
5. In order to educate the consumers, magazines are published by the CP&G Societies. These magazines contain contemporary information regarding many subjects of consumer utility. They provide information about the dates and venue of seminars, workshops, training facilities available, the newly started consumer organizations, results of talks with the government, representations with the government, information regarding disputes settled through District Forums, out of court settlements, appealed cases, compensation awarded by various Forums and Commissions. In addition to magazines, notices, leaflets and booklets are also used to inform the consumers about the latest information in the field of consumer protection.

6. To give an insight to the young generation about the consumer protection laws, seminars, workshops, debates and quiz competitions are arranged in schools and colleges by various CP&G Societies and prizes are awarded to successful candidates. Classes are conducted to educate the children about the internationally accepted ten rights of the consumers i.e. right to know, right to choose, right to safety, right to represent, right to basic needs, right to redressal, right to consumer education, right to live in a healthy environment, right to organize consumer organization, right of consumer organizations to represent in the process of decision making. Some societies distribute books at free of cost to the participants and sponsor the education of the highly merited successful participants.

7. To give boosting to the cause of consumer education and to enrich themselves with the rich experience, the consumer organizations are also conducting
seminars and workshops for themselves. In these seminars and workshops the members narrate their personal experiences with regard to government offices, quasi-judicial bodies, consumers, businessmen and the bureaucracy. This enables them to chalk out programmes to defend the cause of consumer education whenever they face similar situations.

**Consumer Guidance**

From 1992 onwards the successive governments have been implementing far reaching economic reforms. For a considerable period of time India was to a large extent a closed economy. In a closed economy there were restrictions, competitions were minimum, selections were limited and limit for the entry of new products to the market. But due to the globalization, privatization and liberalization the picture has totally changed. The world is slowly becoming a single market. The restrictions imposed on the entry of foreign goods have almost been lifted and India is witnessing the free flow of goods from foreign countries. This situation has made the consumer guidance more important. The UN guidelines on ‘promotion and protection of consumers’ economic interests’ points out the need for government collaborating with consumer organizations for taking measures regarding misleading environmental claims or information in advertisements and other marketing activities and also the need for encouraging their verification. Thus the ‘consumer guidance’ as a function of consumer protection and guidance society assumes relevance.

A peculiar problem faced by the Indian Consumer is the problem of ‘selection’. There are thousands of products that are manufactured in India as well as abroad which are bearing no authentic proof of their genuineness. Still, there are many products coming from foreign countries, which may be bearing the quality
control mark, but as far as Indian consumers are concerned in the absence of a reliable authority to guide them regarding the genuineness of quality and quantity, selection is really a difficult exercise to them. The consumer organizations have an important role to play here. The reason is that, in most cases it is beyond the ability of an average consumer to use the information provided by business in a correct and coherent manner. The CP&G Societies being representatives of civil society are more dependable and are performing this function in the following areas.

1. The introduction of ‘Maximum Retail Price’ (MRP) is a milestone in the pricing policy of Central Government. It gives an opportunity to the consumer to buy the product at MRP or below MRP. As the consumers have no idea about MRP or its importance, the CP&G Societies give timely guidance to the consumers that they should never buy the goods at above the MRP and if any businessman is selling the goods at above MRP they should insist the ‘Bill’. Selling the goods at a price above MRP is an illegal act and the consumer can carry the matter to District Consumer Forum for redressing his grievance.

2 Many consumers are the victims of exploitation. Hoarding and cornering are some of the common practices in consumer goods, which create artificial scarcity of the goods. Shortage is deliberately created in the availability of essential consumer goods through exclusive dealings and agreements restricting output. To combat this unethical practice some CP&G Societies have stepped in to the retail business through franchising thereby trying to protect the consumers from the unscrupulous traders. The margin free market retail chain shops run under the guidance and control of Consumer Protection and Guidance Society (Reg.No.T-477/93), Trivandrum, owes testimony to this.
3. Adulteration is nothing but falsification by admixture of inferior or sub-standard substance. This has become a regular feature in commodity trade. The Prevention of Food Adulteration Act, 1954 enables the aggrieved consumer to seek refuge in Consumer Forums but it happens very rarely. The CP&G Societies through their classes and seminars guide the consumers to select the products having the ISI and AGMARK marks to make sure that they receive quality goods.

4. Misbranding is a method of cheating the consumers. Here the brand name of the quality goods is adopted in such a way that a substandard goods looks like the quality goods. The quality products coming from a country having its country name is adopted to the substandard products and the substandard products are manufactured with same colour, smell, design and labelled to cheat the consumers. The CP&G Societies are cautioning the consumers about these products and thereby guide them to have quality goods.

5. False advertisement is nothing but the practice of making any statement orally or in writing or by visible representation which falsely represents that the goods are of a particular standard, quality, composition, style, service or grade or that the goods or services have the sponsorship approval, uses or benefits, which they do not have. It also includes representing any secondhand or old goods as new goods. It is another kind of consumer exploitation. Studies are being conducted by many CP&G Societies to ascertain the impact of advertisements, particularly on vulnerable groups like children and low-income consumers. Guidance is provided to the consumers to develop critical attitude towards advertisements. To provide more information about misleading advertisements
to the consumers, samples of misleading advertisements are exchanged among various CP&G Societies in India and abroad.

6. Use of faulty weights and measures is one of the common cheating methods of traders. The consumers who are born and brought up in various parts of India are facing the problem of different systems of weights and measures prevailing in different parts of the country. Moreover, the same term is often used for different units of weights in different areas and even for different traders in the same area. So there is the need for giving insight about the various systems of weights and measures, which are common, and the specific system prevailing in the locality in particular. The CP&G Societies provide proper guidance in this line by arranging classes with the help of officials from the weights and measures department.

7. Unfair Trade Practices include false statements or misleading representation, bargain sales, offering of gifts, non-compliance of prescribed standards, hoarding or destruction of goods etc, which cause injury to the consumers. Unfair trade practices are really eroding the very existence of a healthy society. Consumers are provided with a variety of products, with lot of acclaimed qualities, which they do not actually possess. Offering gifts attracts consumers and they are provided with sub-standard goods. To protect the consumers from unfair trade practices legislations were enacted. But due to the lack of proper guidance, consumers are unable to enforce the same and redressal of their grievances is a cry in the wilderness. The CP&G Societies are guiding the consumers to guard against unfair trade practices.
Consumers are provided with products that are unsafe or endanger the health of the consumer. This problem is very common in the case of medicines. Medicines after the expiry period are given to consumers, which are creating a lot of problems to the patient, and even death may be happening. The CP&G Societies are cautioning the consumers against the banned medicines and the expiry date.

Apart from the above stated guidance area, the CP&G Societies are providing valuable information, which will enable the consumers to be self-guided. This is mostly reflected in the case of 'what to buy'. Due to the large-scale production and variety of alternative products available in the market, that are catering to the needs of the consumers, selection of the best is a problem. Many of the CP&G Societies are guiding the consumers in the selection of the best product on the basis of the market study conducted by them.

Many of the products and services that are needed to the consumers may not be available in the near locality. Thus 'Where to buy' is another problem faced by certain consumers. This is the case with rare services and products. As a novel step in guiding the consumers, some CP&G Societies are keeping the addresses of various manufacturers who are producing the required goods and providing the required services with price list.

To boost the sale of the products and services, very attractive discounts are offered by traders during certain seasons along with other benefits. Selection of the best time of purchase is a difficult task as far as Indian consumers are concerned. The majority of Indian consumers are quiet unaware of the best time to buy a product.
or service. It is in this context the problem of ‘When to Buy’ is coming to the seen. Many CP&G Societies are keeping a record of the best time of buying a product or service at attractive price on the basis of past records and on the basis of evaluation of the terms and conditions offered by a variety of manufacturers and service providers.

Nowadays many traders use to offer their products on the basis of higher purchase and installment system. Some traders are arranging loan facility to the proposed consumers who are not in a position to provide liquid cash. Some of the products and services are not available in India. So ‘How to buy’ is a problem to majority of Indian consumers who want to buy the products and services from abroad as well as through higher purchase and installment system. Taking stock of the situation certain CP&G Societies are guiding the consumers with legal aid in the above situation.

Pricing is the single-most important factor in determining consumers’ purchase decision. In this respect some of the CP&G Societies are providing insight to the consumers about pricing by obtaining the cost structures of the products from companies or manufacturers. Professional experts are asked to judge whether pricing methods adopted adhere to consumer interests. They are also requested to go through the company balance sheets for evaluating the quantum of overheads and profit. The collected information is passed on to the consumers for taking better decisions and to the government for price regulation. This information is also published through the mass media for greater coverage.

A fully informed and educated consumer provides a safety valve against market malpractices. The long term health and sustainability of a market economy
depends to a great extent on the consumers' interests. To keep the consumers well informed many CP&G Societies are maintaining libraries by making available consumer literature from different agencies of the country in regional languages, including provision of various types of audio-visual material on various aspects of consumer protection and consumer rights.

To provide with the information of 'Standards and Product Quality' certain CP&G Societies are providing basic testing facilities for food products through kits provided for the purpose. They also provide information about how defects in such products can be tested for grievance redressal purpose.

As consumers are the backbone of consumerism there is the need for keeping them united and making them a formidable force against misdeeds of trading class. Envisaging this, many CP&G Societies are creating awareness of consumers' rights in the public; fostering solidarity among consumers; creating social awareness and social responsibility among consumers; creating ecological awareness and responsibility among consumers and creating social and economic conditions for uplifting the consumer movement.

**Consumer Protection**

Consumer Protection means protecting the interests and rights of consumer in the business place. The following discussion shows that the CP&G Societies indirectly contribute towards the cause of consumer protection. The root cause of consumer movement or consumerism is 'consumer dissonance'. Dissonance means after purchase, doubts, dissatisfaction, disillusion, and disappointment. The consumer protection includes the physical protection, protection against cheating,
environmental protection and protection against monopoly. Consumers have a right to purchase goods and services that are safe and have good quality. In developing countries like India, products that are of poor quality or even hazardous to health are entering the market due to dumping, planned obsolescence and outright fraud. The UN Guidelines for consumer protection, 1985 clearly mentions the right to safety as one of the inalienable rights of the consumer. It has provided for adoption of food safety measures, including safety criteria and dietary requirements. It has pointed out the need for effective monitoring, inspection and evaluation mechanisms. The guidelines highlights the necessity for adoption of generally accepted international food standards and standards to ensure safety and quality of goods and services. It has also suggested the need for providing facilities for testing and certification of essential goods and services and framing policies to ensure that manufacturers compensate for defective or hazardous products.

The above guidelines show the need for adopting the appropriate measures including legal systems, safety regulations, national or international standards and the maintenance of safety records to ensure that products are safe for either intended or normally foreseeable use. It requires that consumers should be instructed in the proper use of goods and informed of the risks involved in its use. Similarly vital safety information should be conveyed to consumers by internationally recognized symbols wherever possible. Appropriate policies should be framed to ensure that if manufacturers or distributors become aware of unforeseen hazards after products are placed in the market, they should notify the relevant authorities and the public without delay. It also warrants the government for adoption of policies under which, if a product is found to be seriously defective and/or constitutes a substantial and severe hazard even when properly used, manufacturers and /or distributors should
recall replace or modify it, or even substitute another product for it. If it is not possible to do this within a reasonable period of time, the consumer should be adequately compensated. These matters point out the need for consumer protection. But in a civilized society legislations and bureaucracy alone will not be enough to look after the welfare of consumers and it is this situation that compelled the CP&G Societies to contribute their part for the protection of consumers in an indirect way that are reflected in the following areas.

1. It is a well-known fact that majority of the Indian consumers are ignorant and illiterate. They are silent sufferers of the atrocities of the merchants and producers and are now approaching the CP&G Societies in search of their help in getting their grievances redressed. The CP&G Societies very often represent the consumer in District Consumer Forums. They file complaints on behalf of the consumers on the basis of authorization from the aggrieved consumer. As the CP&G Societies are having well experienced members, they are in a better position to seek the redressal of the consumers' grievances.

2. Out of court settlement is another way in which the CP&G Societies help the consumers to redress their grievances. This is a widely accepted method, which is very largely used in the protection of the consumers' interest. Whenever a complaint is received by the CP&G Society from the aggrieved consumer, instead of going straight to the District Consumer Forum, the CP&G Society contacts the producer or merchant concerned and tries to have an out of court settlement of the dispute. It is seen nowadays that the producers and merchants are willing to settle the issue out of court. This is because, if the decree of District Consumer Forum goes against them it will affect their reputation and
consequently there is the possibility of evolving a bad name to their organization, which will have far reaching consequences. So the manufacturers and merchants always prefer to have an out of court settlement.

3. The markets throughout India are flooding with products. It is not necessary that all the products should bear quality control marks. As service of ‘testing laboratories’ is not available in the remote corners of India, quality and quantity assurance is a problem. So, as a humble step in ensuring the quality and quantity of the goods and products, many CP&G Societies have started sample testing laboratories to make it sure that the consumers are getting the quality products with proper quantity.

4. It is a plain truth that no law is perfect. Deficiency in law will sabotage the very purpose of the law. As CP&G Societies are in the forefront of protecting the interests of the consumers, they can very well find deficiency in law and can be brought before the proper forum for amendments.

5. To protect the consumers from exploitation, a strong awareness is needed in the society. This could be achieved only by consumer protection movement. Through consumer protection movement the consumers become aware of their rights and duties and the avenues available for the redressal of their grievances. The CP&G Societies are giving proper guidance in establishing new societies to make the consumer protection movement a reality.

6. As India has become a potential market after the economic changes from 1992, hundreds of products are getting entry daily into the Indian market. No reliable information is available about the products and the information needed for a
comparative study is more or less absent. In this context the availability of information and the organizations which are providing the reliable information about the products are highly appreciated. Many CP&G Societies have established their own research centres to study the products and to pass on reliable information to the consumers in order to protect them from false advertisements.

In India the manufacturers and traders are well organized. They are highly influential. On the other hand the consumers are unorganized in front of the organizational might of the business lobby. For many centuries the Indian consumers were the sufferers of the exploitation of the manufacturers and merchants. The CP&G Societies are doing yeoman service for the cause of consumer protection by helping the government and its various bodies in formulating the policies for consumer protection. The presence of CP&G Societies is also felt in various consumer policy framing forums of government.

**Conclusion**

The above analysis shows that the functions of the CP&G Societies have been evolved from the UN guidelines for consumer protection, 1985, which was instrumental in the passing of CP Act, 1986. By this Act, voluntary consumer organizations are recognized having locus standi to file complaints on behalf of consumers. The rapid growth of the economic development coupled with the amazing progress of the science and technology changed the wants and needs of the society. The change in market structure and the stiff competition in market is forcing the producers to devise ways and means to attract the consumers by all means. Studies
are being conducted to elicit the consumer preferences and trained business executives are inducted in salesmanship. The complex manufacturing process force consumers to rely more and more on the information disseminated by the producers. This gives much scope to the unscrupulous traders to exploit the ignorance of the consumer. Thus there is clear public interest in controlling these unfair business practices. It should be noted that mere legislations and bureaucracy would not be enough to ward off this problem. CP&G Societies are increasingly coming forward for the cause of consumers and they can do a lot for the welfare of consumers through consumer education, consumer guidance and consumer protection.