BUSINESS INITIATED CONSUMER WELFARE STRATEGIES

There is a consensus of opinion that the best interest of consumers can be served through an effective cooperation among consumers, business and government.\(^1\) Business in its effort to give better service to customers has taken to new concepts like citizen's charters and self-regulations. Ethics in business also plays an important role in consumer welfare. In this chapter, business initiated consumer welfare strategies - citizen’s charters, self-regulation (code of conduct) and ethics in business are diagnostically studied.

CITIZEN'S CHARTER

Citizens are consumers of a wide variety of products. In our economic system both government and private business organisations are suppliers. Consumers need an accountable, transparent and responsive administrative system, which assures them of satisfactory conditions in supply of goods and services. This is more so with public services. To enhance effectiveness and efficiency of public services citizen's charters are issued and implemented. Citizen's charter is a voluntary commitment by the supplier to the citizens/consumers. Consumer Co-ordination Council (CCC), New Delhi views a charter as 'the government's and service providers commitment to benchmark minimum standards of service and set up a mechanism for accountability among staff of the service provider'. Further, on the working of citizens charter, it says "Citizen's charter documents are voluntary actions taken by the service providers. It becomes imperative that these are not only revised and the implementation is regularly monitored by independent bodies
and VCOs to enable relief to the common citizens, but, also develops healthy relationship between the service provider and the users.²

In India citizen's charters if properly implemented can dramatically change the way the government machinery functions and enable the common citizen/consumer to stand up and be heard.

**Objectives of Citizen's Charter:**

Citizen’s charter helps to achieve the following objectives:-

1) ensuring accountability,

2) ensuring transparency,

3) popular participation,

4) grievances redressal,

5) better administration, and

6) helping to set standards.

**Ensuring accountability:** Citizen charter movement was started to ensure accountability in administration. Accountability is the essence of public satisfaction. But, in India, no revolutionary effort was made to revamp the administration, to take it closer to the people even after getting independence from colonial rule. The people continued to be submissive to the government and were looked upon as obligatory bodies to provide certain services. Corruption prevailed and complexity and incomprehensibility of procedures and regulations made it difficult for a person to deal with government and its agencies. Government also made it difficult for a person to carry out an economic activity to secure essential rights. This is the context in which the whole administration was perceived as, not responding by and large to the needs of the citizens. This clearly shows lack of accountability among service
providers. Citizen's charter, if properly implemented, ensures accountability to a great extent.

**Ensuring transparency:** Lack of transparency leads to inefficiency, corruption, red-tapism and such other bottlenecks. Among citizens there is a sense of alienation. Even some excellent plans never reached the people as their implementation was not effective. Due to lack of transparency, participatory schemes turn out to be non-participatory. The government needs to be transparent in its functions so that people will know how the system performs, making public participation easier and people get faith in the system. Transparency in administration is one of the best ways to empower people, so that they will know how the public money is expended. It has been realized that higher the effort at secrecy, the greater the chances of abuse of authority by the public functionaries. Therefore, greater transparency in the functioning of government departments and public bodies is desired. This would require ensuring the right to information and access to information. The Citizen's Charter is a right step in this direction to make administration responsive, effective and transparent.

**Popular participation:** Citizen's Charter helps in tailoring the services to people's needs and to evaluate them with people's participation. Ideally, the concept of a citizen's charter places the citizens at the centre of administration instead of making them passive recipient of services rendered indifferently with no concern for quality, timeliness or cost. In public sector services, citizen's charter is symbolic of a moral and democratic commitment of the government to the service of the public.

**Grievances redressal:** Citizen's satisfaction in supply of services and goods depends mainly on the grievances redressal mechanisms. Citizen's charter provides for standards and methods for redressing the grievances of
Better administration: Enforcement of citizen's charter by a number of departments, agencies and organisations with public interface results in change of attitude by the service providers. Citizen's charter leads to better administration. A concrete manifestation of the commitment of the government to provide services to the people is the formulation and enforcement of citizen's charter.

Helping to set standards: Citizen's charter helps to set standards in production and marketing. Particularly in public sectors (which are more or less monopolistic in nature), there is no set standard for quality and other terms of goods and services marketed. In this situation, a citizen's charter helps to set a minimum standard to be maintained.

EVOLUTION OF CITIZEN CHARTERS

Citizen's charters have found wide acceptance in many countries like U.K., Northern Ireland and New Zealand. Indian VCOs and governments have drawn inspiration from the success of citizen's charters in U.K. The National Consumer Council, U.K., has extended co-operation to CCC in its effort to popularize, frame model citizen's charters and to analyse the working of citizen's charters in India.³

In Northern Ireland, the citizen's charter covers all public services. There are charters for bus services, patients, clients, child support agencies, courts, further education, railway passengers, social security agency, tenants, and training and employment agency. In New Zealand once the elections are over, the Minister-in-charge and the Secretary enter into a five-year
agreement and accordingly goals will be set for action. This will be followed by the periodic review of the performance. This has helped the government to improve the standard of living of the end-users and time frame to achieve the same.4

CITIZEN CHARTER IN U.K.

Citizen’s charters were first initiated in the United Kingdom (UK) in 1991 by the then Prime Minister of the U.K., John Major. In the UK about 42 national charters are in place, and about 10,000 charters of local service are at various stages of enforcement. According to citizen's charters in the UK, the six principles of public service every citizen is entitled to expect are standards, information and openness, choice and consultation, courtesy and helpfulness, putting things right and value for money. In the UK, if the standards are not maintained or for any delay on the part of authorities, the concerned department has to pay compensation ranging from pounds 5 to 75 for not honouring the commitment. The citizen's charter is published in all the languages which the citizens understand. In England, one can avail of citizen’s charter written in English, Gurumukhi, Punjabi, Gujarati, Bengali, Hindi, Chinese, Vietnamese, meaning thereby that all the minorities dwelling in the country are equally represented and provided with the information of their rights in the language they understand.5

According to Prof. Manubhai Shah of CERC, the most important features which contribute to the success of the British Citizens Charters are the following:

1) The constitution of an advisory committee for the UK and for Ireland under the chairmanship of the respective Prime Ministers with representatives from government, industry, consumer organisations and the academic world.
2) The Prime Ministers of the U.K. and Ireland submitting annual reports to parliament about positive or negative performances in quantitative terms against the benchmark laid down in the citizen's charter for each ministry. To achieve the said objectives the cabinet officer of the Prime Minister continuously monitors each ministry in terms of reports for implementation.

3) Creating an independent and impartial mechanism to investigate the complaints of the citizens regarding effective implementation or otherwise of the citizen's charters.

4) They have also introduced a merit award system for those who perform well. Nominations for awards are submitted by the citizens who are users of their services. Names of the recipients of merit awards are published and publicized and their photographs are displayed in the reception area of respective offices.

The British administration has also designed and run effective training programmes to motivate the staff members to perform and operationalise citizen's charters. The U.K's experience in making citizen's charter a success can be drawn upon in implementation of citizen's charters in India.6

CONCEPTUALIZATION OF CITIZEN'S CHARTERS IN INDIA

The frustration and dissatisfaction among the consumers regarding deterioration in the performance of agencies meant for delivery of public services is a matter of serious concern in India. The consumer has long been a subject of political concern. Yet his problems are now greater in number and more serious than ever before. Despite recognition of the critical role of a responsive state, public administration and civil services at all levels, in terms of eroded credibility and effectiveness of the civil services, consumer
discontentment has been growing with increasing criticism of the low levels of honesty, transparency, and accessibility of the democratic elements in charge of administration. Keeping this in mind VCOs have been lobbying for citizen's charters in India. The media has also contributed its might in creating public opinion for 'major surgery' for streamlining the administration of public services.

CAMPAIGN FOR CITIZEN'S CHARTER IN INDIA

In India CCC, an apex voluntary body in the field of consumer protection and education, has campaigned for implementation of citizen's charter by service providers. In addition to this, important VCOs have also campaigned for citizen's charter in their individual capacities.

CCC'S CAMPAIGN FOR CITIZENS CHARTER AND ITS IMPLEMENTATION

The CCC launched its campaign for citizen's charter in the year 1996 with the support from Friedrich-Nauman – Stiftung (FNSt) (A German Foundation with its regional office for India and South Asia in Delhi) and National Consumer Council, U.K. The aim of this campaign is to seek a declared minimum standard of services made available by government and its agencies to citizens. The CCC claims that the purpose of campaign for citizen's charter undertaken by it is “to find an effective answer, by overcoming the various negative aspects of the services and to bring about a change in the way the government machinery functions at all the levels and provide the value for money to the users”.

To start with, CCC prepared the concept document on citizen's charter in English, Hindi and ten other regional languages. This concept document was circulated to opinion leaders all over India. This has made the necessary
impact on the citizens and the service providers with the central government agreeing to implement the concept. In December, 1996 the then Prime Minister made a commitment to build sector-wise charters related to services provided by the central government. CCC says: ‘following CCC's direction 55 central ministries and government departments have come out with their citizen's charters'.

The CCC and its partners (40 plus VCOs) essentially represent the users' point of view. The CCC stressed the importance of keeping the point of view of users as an important objective while framing and implementing the citizen's charter. 'It claims that, the citizens charter calls for a “Bottom up” approach as opposed to a “top-to-down” perspective'. The CCC and its partners have worked together to collect information on users perspective in five key sectors covered by government managed or controlled services – Telecom, Banking, Health, Municipal Services and Electricity. The CCC along with its partners has carried out a pilot-survey based on structured questionnaire for each of these sectors. These five field surveys to highlight the concerns of the citizens as consumers of services provided by government. CCC and its partners seek response from those charged with preparing the specific charter and implementing it. The CCC believes “the quality of government services to citizens can be visibly improved if administrators, managers, supervisors and cutting edge staff develop a commitment to serve the citizen.”

CCC with the support of twelve member organisations completed the task of evaluating and monitoring of eight specific published charters ensuring quality of Citizen’s charters.

- Telecom Charter by VOICE, New Delhi.
- Railway charter by Consumer Protection Council, Tamil Nadu.
• Delhi Hospitals by Consumer Forum, Delhi.
• Life Insurance Corporation of India by CGSI, Mumbai and CUTS, Jaipur.
• Petroleum Charter by Bintu, Delhi.
• Electricity charter by Orissa Consumer Association, Cuttack.
• Public Distribution System by FEDCOT, Tamil Nadu and FCAWB, Kolkata.

Banking Sector

- United Bank of India by Consumer Protection Centre, Rourkela.
- Canara Bank by Consumer Education Centre, Bangalore.

The citizen's charters have to be periodically revised and the implementation is to be regularly monitored by independent bodies and VCOs. In this direction the CCC with its partners has set a right trend of evaluating the citizens charters. CCC and its partners have organised workshops and seminars on various aspects to supplement the evaluation of citizen's charters.

CERC'S ROLE IN DISSEMINATION OF THE CONCEPT OF CITIZEN'S CHARTER IN INDIA

The CERC is one of the important partners of the CCC. It has played an important role in the CCC's campaign for citizen's charter and its implementation. In addition to this, the CERC has done a lot of work in dissemination of the concept of citizen's charter in India. In 1997 in cooperation with commonwealth secretariat, London, the CERC organised a pan-commonwealth round table conference on the topic – 'Serving the Public – Consumer Protection and Citizen's Charters'. The CERC propagated the
importance of a citizen's charter against the background of the successful implementation of citizen's charter in the UK and some other countries. Taking advantage of some of the experts present in India for interaction of citizen's charter, the Government of India began toying with the idea of adopting the concept for establishing transparency and accountability in the administration. In order to disseminate the concept of citizen's charter in India and to educate the administrators in India, CERC has compiled and published a compendium of British Citizen's charters in the year 1998.11

As a result of the work of the VCOs, public opinion and the effort by the government to restore the faith of the people in the fairness and capacity of the administration, a conference of the Chief Secretaries of states was held in November 1996. The theme of the conference was "an agenda for an effective and responsive administration". The objective of the conference was to make public service more efficient, clean, accountable and citizen friendly by evolving a concrete action plan. In public utilities the main rationale for charter development is that consumers have no where else to turn to in the case of poor service.

The conference of Chief Secretaries suggested the following measures to attain the larger objective of improved public satisfaction and efficient performance.

1. Evolving of long-term and short-term plans by all public agencies with larger public interface;
2. Setting up of an in-built machinery in each ministry/department for independent system auditing and performance monitoring;
3. Enlisting help of consumer organisations, citizens groups, elected representatives to secure inputs in the process of formulation and scrutiny of performance;
4. Giving adequate publicity to empower citizens through chartering; and
5. Setting up of a core group under the cabinet secretary to monitor the
   process periodically.

The Government of India, entrusted the task of drawing an action plan
to introduce citizen's charters in various government departments to the
department of administrative reforms and public grievances. In this direction,
a Chief Ministers' Conference was held in May 1997. In this conference three
major areas were identified as part of an action plan namely,
1. make administration accountable and citizen-friendly,
2. ensure transparency and the right to information, and
3. take measures to cleanse and motivate civil services.12

The measures proposed included both one-time actions as well as long-
term ongoing reforms. It was proposed that the progress of the action plan be
continuously monitored by the cabinet secretary and chief secretaries.

With this background, the government formulated charters. Though
the charter is not proposed to be made justiciable, it would carry moral
commitment of the government and provide a framework under which public
service can be evaluated.

CITIZEN'S CHARTERS IN INDIA

Citizen's charters for 62 organisations/ Ministries/ departments having
large interface with the pubic were drawn and implemented by
incorporating13:
   • Standards of performance
   • Assured quality services
   • Access to information
   • Simplified and convenient procedures for receipt and acknowledgement
     of complaints.
   • Time bound redressal of grievances.
In the first phase 55 charters were implemented (see Appendix-V). In addition to these, 7 additional charters were introduced in the second phase, taking the total to 62 charters. In addition to these 62 charters, state governments have come out with 112 citizens charters. For example, the Government of NCT of Delhi has implemented 32 citizen's charters, and the Government of Tamil Nadu has implemented citizen's charters in 33 organisations / department/boards etc. In Karnataka State, Electricity and Transport departments have brought out citizen's charters.

AN ANALYSIS OF SOME OF THE EXISTING CITIZEN'S CHARTERS IN INDIA

Among the 62 charters, charters of Targeted Public Distribution System, passenger services on Indian Railways, Department of Telecommunications, charter of a bank (Corporation Bank) and of Life Insurance Corporation of India are analysed for evaluating the effectiveness of citizen charters. These representative organisations give service to large number of customers at the national level.

CITIZEN'S CHARTER FOR THE TARGETED PUBLIC DISTRIBUTION SYSTEM (TPDS)

Citizen's charter for TPDS is intended to be a model for the State Governments. The charter is bi-lingual, in Hindi and English. The implementation of TPDS through a network of Fair Price Shops/ Ration Shops is the responsibility of the respective State Governments. In Karnataka the charter has not been brought out in the State's administrative language – Kannada. Hence, the charter has not reached the average card-holder.
## Analysis of the Charter

| Entitlement; the quantity entitled, the price at which it is sold and the promise to supply fair average quality entitlements. | In a survey conducted by CCC and its partners FEDCOT, TN and FACWB, Kolkata 30% of the respondents reported the non-availability of entitlements.²⁰ |
| Fair Price Shop; Time schedule for services | * Regular supply on a fixed date to the Fair Price Shops is not guaranteed. As a result card-holders have to visit more than one time to collect their entitlements. |
| Ration cards; Procedure for obtaining ration cards is given. | * Distribution method to be applied on short supply is not made clear in the charter. Personnel in TPDS misuse this.  
* For maintaining quality no specific commitment to issue goods without any unwanted materials like rodent droppings, small store metals, moisture content etc. is made in the charter. |
|  | * The charter is silent on the ‘course of action’ if the personnel fail to meet the time-schedule for any reason like ‘case worker is on leave’ etc. |
|  | * The efficiency depends on governance of the system. Courtesy, Promptness and transparency are important. The charter is silent about these aspects. |
- Inspection and checking; * Inspection by the officers of TPDS department alone may not increase accountability, on the contrary it may result in more corruption. The inspection team should also consist of members of VCOs and card holders.

- Right to information; each fair price shop will display information and procedures regarding quality and quantity. * This empowers consumers. As far as possible the quantity supplied to shops should be consistent in terms with number of card holders.

- Vigilance and Public Participation; vigilance committees at Panchayat, Taluka, District and State Levels. * Public participation is the unique aspect of the charter. State Governments have to constitute committees at all levels in true letter and spirit of the charter.

- Training of Personnel engaged in TPDS activities; workshops. * The attitude of personnel engaged in TPDS has to be changed. For this training and workshop may help in the long-run. In the short run personnel are to be inspected by a squad, which constitutes members of VCOs and card holders.
CITIZEN'S CHARTER FOR PASSENGER SERVICES ON INDIAN RAILWAYS

Preamble of the Indian Railways citizen's charter makes a commitment of the Indian Railway Administration to:

- Provide safe and dependable train services;
- Set notified standards for various services wherever possible;
- Ensure adequate passenger amenities in trains and at railway stations;
- Provide courteous and efficient counter services; and
- Set up a responsive and effective grievance redressal machinery, at various levels for time-bound resolution of complaints and grievances as far as possible.

Analysis of the Charter.

<table>
<thead>
<tr>
<th>Charter's Content</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preamble</td>
<td>* Very ambitious and detailed. Measures in the charter do not match with the promises made and actual working condition of Indian Railways.</td>
</tr>
<tr>
<td>Reservation/Booking and Refunds of Tickets [Lost, Torn or mutilated tickets, cancellation charges, concessions and special trains]</td>
<td>* Mentions time-specific procedures, alternatives and non-compliance payments. * Well publicized, easy to use complaint procedures and independent reviews of these are necessary. In case of default, an apology or a full explanation or swift and effective remedy that might include financial compensation, has to be there in charter.</td>
</tr>
</tbody>
</table>
- **Enquiry and Dissemination**
  * Full and accurate information in plain language about how public services are run, what they cost, how well they perform and who is in charge, reliability and punctuality targets and actual performance results are to be given.\(^\text{21}\)

- **Catering services**
  * The actual passenger satisfaction is to be assessed against the targeted goal in the charter.

- **Cleanliness;**
  * Passengers are to be informed to elicit cooperation from them. The set standards are to be mentioned. Pay and use toilets are to be considered in more number of stations.

- **Passenger Amenities; off-board amenities, on-board amenities**
  * Efficient and economical delivery of amenities within the resources of railways should become the philosophy of all employees of railways from bottom to top.

- **Public Grievances Redressal; for theft of passengers luggage, vigilance organisation.**
  * Effectiveness depends on the efficiency in governance. Grievances redressal cannot just remain a commitment on paper without gearing up the whole system to carry it forward.

- **Compensations and assistance in case of accidents and unusual**
  * This is the only charter that mentions non-compliance payments. Independent Railway Claims Tribunals have been set
occurrences. up to consider, *inter alia*, compensation claims from passengers arising out of the death/injury due to train accidents and other unusual occurrences due to violent attack, robberies, dacoities, rioting, shoot-outs, arson, etc. or accidental falling of any passenger.

- Co-operation of passengers sought

* The consumers are to be educated through handy information pamphlets, announcements and other media about the importance of their co-operation in local languages.

* This charter has not reached a large number of passengers. In a survey conducted by CCC's partner, Consumer Protection Council, Tamil Nadu found that 'there was hardly any railway employee or passenger who had heard of this charter, leave alone seeing it. So far, there has been no press, TV or radio coverage of the charter.'

CITIZEN'S CHARTER OF DEPARTMENT OF TELECOMMUNICATIONS

The CCC in association with its partner VOICE, New Delhi conducted a pilot survey on the working of department of Telecommunications and consumer satisfaction. 'The pilot survey has shown that the quality of service is much below the desired level. Telecom users expect a minimum standard
of service. The existing standards (as reflected by this pilot survey) are unacceptable. It is for the Department of Telecommunication (DOT) management to usher in a paradigm shift and benchmark service standards of concern to consumers.23

The following table shows the major problems with public sector telecom service:

Table No.4.1
Ranking (In percentage) of the important problem in Telecom Service.

<table>
<thead>
<tr>
<th>Problem</th>
<th>First</th>
<th>Second</th>
<th>Third</th>
<th>Fourth</th>
<th>Fifth</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delay in fault repair</td>
<td>49</td>
<td>28</td>
<td>17</td>
<td>6</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Attitude of staff</td>
<td>46</td>
<td>28</td>
<td>21</td>
<td>4</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td>Disconnection of Phones</td>
<td>23</td>
<td>31</td>
<td>46</td>
<td>-</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Grievance Redressal</td>
<td>23</td>
<td>44</td>
<td>33</td>
<td>-</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Billing Service</td>
<td>10</td>
<td>20</td>
<td>30</td>
<td>40</td>
<td>-</td>
<td>100</td>
</tr>
</tbody>
</table>


It was observed that different types of problems affect telecom consumers in a variety of ways. The most important problem is ‘delay in fault repair’ (37%), followed by ‘attitude of staff’ (30%), ‘Billing service’ (20%), ‘Phone disconnection’ (6%), grievance redressal (5%) and Phone shifting (2%).
In this background DOT has issued its citizen's charter:

**Analysis of the Charter.**

<table>
<thead>
<tr>
<th>Charter Content</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Principles that are</td>
<td>* Very detailed charter followed</td>
</tr>
<tr>
<td>Quality of Services</td>
<td>* Systematic but does not address non-compliance compensation.</td>
</tr>
<tr>
<td>Assistance to subscribers</td>
<td>* A common consumer using the services of telecom department expects operator assisted services. In a survey conducted by CCC and its partner VOICE, New Delhi 64% of the respondents rated these services as poor (or very poor). Only 28% rated them as 'average' while 8% rated them as 'good' or 'very good'.²⁴</td>
</tr>
<tr>
<td>Relation between subscriber and employee</td>
<td>* Charter is silent on specific programmes to better the relationship between subscriber and employee.</td>
</tr>
<tr>
<td></td>
<td>* The study by CCC and its partner VOICE reveals that 72% of consumers in the sample survey are not happy with the general attitude of the telecom personnel (Poor or very poor), 26% of consumers rated the attitude of staff to be 'average' while only 2% rated it as good' or 'very good'.²⁵</td>
</tr>
</tbody>
</table>
Billing

* This is a major problem confronted by consumers. 52% of consumers consider billing related problem to be poor or very poor. Only 26% of the consumers rated this services as satisfactory (ok), followed by 22% who felt that the billing related services were good or very good.26

Redressal of complaints

* For consumer satisfaction redressal of the grievances of consumer is most important. '43% of consumers considered this service to be poor, while 33% considered it to be very poor. Only 18% of those who responded considered this service to be satisfactory, followed by 6% who considered grievance redressal system to be good'. No consumer rated the system as 'very good'.27

CITIZEN'S CHARTER OF CORPORATION BANK

Banks today are definitely not mere financial institutions working for profit. They are essentially social organisations rendering financial services to subserve the socio-economic objectives of society. Today, with growing public awareness, there has been general dissatisfaction over the services rendered by banks. 'They are plagued with the plummeting, quality of service, rudeness of employees, swindles, frauds, misappropriation of funds, declining profitability, rising costs of operations, low employee morale, faulty decision-making, delay in operations, etc. In public sector banks non-
performing assets have crossed 50,000 crores. There is a general feeling that the essential service and role of banks as a friend, philosopher and guide is slowly and surely fading away.\textsuperscript{28} Against this background corporation banks citizen's charter is analysed as a representative charter of the banking industry.

### Analysis of the Charter.

<table>
<thead>
<tr>
<th>General rights available to customers of the bank</th>
<th>* Needs to be more specific.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>* This reads more like a bank brochure.</td>
</tr>
<tr>
<td></td>
<td>* Many of the rights given 1) right to choose any item of the banking service. 2) No distinction shall be made between customers of the bank on the basis of difference in race, nationality, colour, sex or any other such things are unwanted and do not project the bank as a business organisation. These types of rights do not give any validity for citizen's charter of a bank.</td>
</tr>
</tbody>
</table>

| Opening of Accounts | * The charter contains procedure. No time limit is fixed to open an account. |
| Time deposits, nomination facility, Loan against deposits. | * Under all these heads the charter is silent about the customer's rights and no time schedule is given. It is also silent as what 'course of action' or compensation to customers will be awarded on the failure of bank to fulfil its commitments. |
**CITIZEN'S CHARTER OF LIFE INSURANCE CORPORATION OF INDIA**

Life Insurance Corporation (LIC) of India is a government owned organisation in the country in life insurance business. LIC has brought out

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collection of instruments</td>
<td>Charter gives standard time norms for collection of cheques and a commitment to give interest at 2% p.a. above the savings bank rate of interest for delay in collection.</td>
</tr>
<tr>
<td>Time norms for business transactions</td>
<td>Time norms for transactions are given. What is to be done on non-compliance is not clear.</td>
</tr>
<tr>
<td>Other service measures</td>
<td>No reference is made to involve VCOs in improving service measures.</td>
</tr>
<tr>
<td>Grievance Redressal Procedure</td>
<td>No commitment in the charter to implement recommendations of the various committees, (Example, Goipuria Committee) appointed by the Government of India for toning up the customer services by the banks.</td>
</tr>
<tr>
<td></td>
<td>* There is no mention of the frequency at which the charter will be reviewed.</td>
</tr>
<tr>
<td></td>
<td>* There is no reference to involving customers in decision-making like, Branch level customer service committees.</td>
</tr>
</tbody>
</table>
citizen's charter in English, Hindi and other regional languages to take the charter close to customers. The charter is not detailed. It looks more like a pocket calendar. It reads like a pamphlet prepared to highlight LIC's social commitment.

Analysis of the Charter.

<table>
<thead>
<tr>
<th>Charter's Content</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Mission, Values and Commitment</td>
<td>* It reads more like slogans to highlight its social commitments. No particular commitment to customers.</td>
</tr>
<tr>
<td>- Standards of General Procedures</td>
<td>* Responsibilities not allocated to any officer.</td>
</tr>
<tr>
<td>- Standards for policy servicing</td>
<td>* The charter does not relate to the detailed services they are providing to the consumers. It is non-committal and vague.</td>
</tr>
<tr>
<td>- Standards for easy access to information for customers.</td>
<td>* No commitment in charter for providing information to individual customer either on servicing policies bought by customer or on new ones.</td>
</tr>
<tr>
<td>* Charter does not contain any commitment on grievances redressal.</td>
<td></td>
</tr>
<tr>
<td>* 'Consumer day' organised by the corporation is not given publicity. (After great effort the researcher came to know and attended one such meetings in (1998 December) Belgaum, where a majority of those who attended were agents, officials and their relatives and friends, who were</td>
<td></td>
</tr>
</tbody>
</table>
bothered more about compliments and ‘stomachful’ of refreshments and not about customer grievances).

CAMPAIGN FOR CITIZEN’S CHARTER IN KARNATAKA STATE

Three VCOs, namely Indian Institute of Consumer Studies, Bangalore, Citizen’s Forum, Hubli and Consumer Education Centre, Bangalore are leading partners of CCC in its national level campaign for citizen’s charters and its implementation. At the state level efforts have also been made to bring more awareness about citizen’s charter. A seminar on “Citizen’s charter and consumer protection” was jointly organised by Federation of Karnataka Chamber of Commerce and Industry (FKCCI) and Indian Institute of Consumer Studies, Bangalore on July 4, 1999. In the seminar, speaking on consumer protection, Dr. Maria Canabal, International Consultant, consumer business forum, US, said, “Information, education and regulation are three components of consumer protection”.29 The citizen’s charters concept has picked up in the state. Karnataka Power Transmission Corporation Limited (KPTCL)30, Bangalore Metropolitan Transport Corporation (BMTC)31 both undertakings of Karnataka State Government have released their citizen’s charters. Karnataka State Road Transport Corporation32 (KSRTC) has released its draft citizen’s charter. Many government departments are working on this line. The Transport Minister promised a citizen’s charter for the Transport Department.
AN ANALYSIS OF EXISTING CITIZEN’S CHARTERS IN KARNATAKA

DRAFT CITIZEN’S CHARTER OF KARNATAKA STATE ROAD TRANSPORT CORPORATION (KSRTC):

KSRTC is the first public sector undertaking in the state to publish such a charter. Even though a citizen’s charter need not be made justiciable, KSRTC released ‘Draft’ citizen’s charter to play safe. ‘The charter once finalized, would impose an obligation on the corporation to keep up its promises, failing which a commuter can approach a legal forum when there is a deficient service’. In spite of this limitation KSRTC’s pioneering effort has led to many other PSU’s coming out with their charters.

Analysis of the Charter

<table>
<thead>
<tr>
<th>Content</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citizen’s charter: What is it?</td>
<td>* The charter is silent on the compensation to passengers on cancellation of trips, late departure etc.</td>
</tr>
<tr>
<td>KSRTC – A brief note:</td>
<td>* In a charter, much of importance on the information about the corporation is uncalled for.</td>
</tr>
<tr>
<td>Punctuality:</td>
<td>* When the departure of Deluxe and Luxury services is ensured to depart within 15 minutes of schedule, why it is “Departure of Moffusil services will not be delayed by 45 minutes”. Why should moffusil population be discriminated against?.</td>
</tr>
<tr>
<td>Topic</td>
<td>Description</td>
</tr>
<tr>
<td>-----------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Regularity</td>
<td>* Charter says “no service is cancelled except under circumstances beyond its control”. Charter is silent about the ‘scope’ of “beyond its control”.</td>
</tr>
<tr>
<td>Cleanliness of Buses</td>
<td>* An ‘outside’ body should decide what is benchmark for ‘cleanliness’ and it should impart and monitor cleanliness.</td>
</tr>
<tr>
<td>Bus stations</td>
<td>* Charter is silent on commercial establishments bus stations collecting more money than the maximum retail price stipulated. For instance commercial establishments many bus stations charge more than MRP printed on the label.</td>
</tr>
<tr>
<td>Display of time tables</td>
<td>* Digital display boards can be used wherever viable. In other places instead of painting departure and arrival timings, computer print-outs can be used, which are more flexible.</td>
</tr>
<tr>
<td>Enquiry Counters</td>
<td>* Personnel at enquiry counters are to be trained and people who have interest to interact with public are to be assigned this job.</td>
</tr>
<tr>
<td>Advance Reservation</td>
<td>* Wherever computerized, the system is working well.</td>
</tr>
<tr>
<td>Issue of duplicate</td>
<td>* 25% of normal fare for issue of duplicate reservation ticket.</td>
</tr>
<tr>
<td></td>
<td>reservation ticket is high. It can be reduced.</td>
</tr>
</tbody>
</table>
- **Refund on tickets**  
  * Charter condition in this respect is 'passenger friendly'. 75% refund is good offer for cancellation upto 30 minutes before schedule departure time.

- **Special facilities; student concessional passes; free passes for special categories; reservation of seats for ladies and physically handicapped, season tickets, “Freedom tickets”**  
  * Charter has not specified measures for enforcement of reservation of seats for ladies and the physically handicapped, which are generally occupied by others.

- **Training to employees, De-addiction programme, computerization, safety**  
  * Employees of KSRTC should participate in charter implementation. On the contrary KSRTC staff and workers federation have dubbed the same (citizens charter) as an image-building exercise by the management.\(^{34}\)
  * Improvement in these areas depends more on quality of ‘governance’.
  * Charter does not promise ‘courteous’ service to commuters.

- **Accidents and Breakdown information**  
  * In case of accident, ex-gratia payment of Rs.15,000 to the dependent of the deceased is not in tune with present money value. It should be hiked.
CITIZEN'S CHARTER OF BANGALORE METROPOLITAN TRANSPORT CORPORATION (BMTC)

The erstwhile Bangalore Transport Service (BTS) has been separated from KSRTC as an independent corporation called BMTC with effect from 15-08-1997. BMTC is created to serve commuters in Bangalore City and suburban areas of Bangalore. BMTC implemented its citizen's charter in August 2000.

Objectives of the Charter:

- The objective of this corporation (and of charter) is to provide efficient, economic, safe, reliable and punctual service to the commuters of city and suburban areas of Bangalore.
- This charter seeks to create awareness in the staff of this Corporation about its commitment, befitting and objectives of the Corporation.
- This charter declares the standards, which the corporation sets for itself to achieve.
- This charter provides for the means through which the commuters can make suggestions or seek redressal of their grievances.
- The objective of this charter is to provide liaison information to the travelling public about the standard of services, facilities extended, procedure for grievance redressal or suggestions if any.
**Analysis of the Charter**

<table>
<thead>
<tr>
<th>Charter Content</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>This corporation and objectives</td>
<td>* The corporation has not prepared itself to come out with a charter. For example, the objective, of the charter reads ‘the charter seeks to create awareness in the staff’, shows how poorly employees have been involved in the charter and lack of preparedness of the corporation.</td>
</tr>
<tr>
<td>Standards of punctuality and regularity</td>
<td>* ‘The punctuality of a minimum of 85% by operating the services as per the scheduled timings of departure at the bus stations as well as enroute bus stands’ is not an optimistic standard. It should have been more than 95%.</td>
</tr>
<tr>
<td>* Cancellation of trips is not taken care of properly in the charter. In a near monopoly situation, commuters are put to great trouble when trips are cancelled. Instead of promising ‘zero’ level trips cancellation or near to that the charter indirectly conceals the inefficiency by stating that ‘BMTC commits to maintain cancellation of kilometers below 5%’, without committing anything about numbers of trips.</td>
<td></td>
</tr>
<tr>
<td>Topic</td>
<td>Details</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Route Guide</td>
<td>* Route guides are not followed in the bus stands and in enroute stations.</td>
</tr>
<tr>
<td>Basic Amenities</td>
<td>* The amenities provided are not up to the mark, particularly cleanliness is not taken care of.</td>
</tr>
<tr>
<td>Monthly commuter passes</td>
<td>* The scheme has not attracted daily commuters to the expected level. The people (both office-going and business) are depending more on their own or hired vehicles for commuting daily. This is due to lack of reliability of BMTC services and inefficient operation. This has also added to more pollution. Improvement in public transport to a great extent helps to reduce pollution level.</td>
</tr>
<tr>
<td>Student concession passes</td>
<td>* Instead of making students come to BMTC bus stands on given dates, once in every year officials can go to schools on rotation basis. Only in exceptional cases students should be made to wait in queues to collect their concession passes.</td>
</tr>
<tr>
<td>Casual contracts; buses for private purpose on kilometer basis.</td>
<td>- This is a business proposition of BMTC. This would not fit in a charter.</td>
</tr>
<tr>
<td>Accidents and claims</td>
<td>* No promise is made in the charter about the compensation in case of injury or death in accidents. The charter speaks just</td>
</tr>
</tbody>
</table>
- Buses for Bangalore city sight seeing.

- Courtesy and behaviour

- Reservation of seats for ladies and physically handicapped.

- Public grievance redressal meetings.

about the people to be contacted on accident.

* There is a necessity of making these business propositions more popular.

* The charter sets for itself to provide courteous and friendly service. Just a promise in this regard will not serve the purpose. Personnel are to be properly rewarded and punished when they deserve as far as courtesy and behaviour are concerned.

* Personnel in BMTC (particularly conductors and drivers) should be assisted in this job by a squad who checks sample buses. The passengers who fail to follow this are to be penalized. Commuters are to be properly educated about this. Once the trend is set it is easy to follow.

* Charter is also silent as how the reserved seats are to be vacated when a woman or a physically handicapped passenger boards the bus. For instance if 14 seats are reserved the 14th man should vacate first from the last or some other mechanism is to be evolved.

* Here the charter is silent on the nature of compensation to the commuters for lapse
CUSTOMER CHARTER OF KARNATAKA POWER TRANSMISSION CORPORATION LIMITED (KPTCL)

KPTCL is the monopoly public utility organisation for supplying electricity in Karnataka. This is under the ownership and management of the Government of Karnataka. KPTCL has implemented its charter in August 2000. The mission statement of the charter promises reliable quality power to its customers at competitive prices. KPTCL promises to achieve this mission through:

- Encouraging best practices in transmission and distribution.
- Ensuring high order maintenance of all its technical facilities.
- Emphasizing the best standards in customer service.

KPTCL pledges to optimize its human and technical resources for the benefit of all its customers.

Analysis of the Charter

<table>
<thead>
<tr>
<th>Section – I</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service standards;</td>
<td>It is good that the charter has given the ‘days’ required for servicing’ different needs of the customers. But the charter is silent about what compensation would be given to customers and what action would be taken</td>
</tr>
<tr>
<td>New Customers,</td>
<td></td>
</tr>
<tr>
<td>Domestic lighting,</td>
<td></td>
</tr>
<tr>
<td>All electric homes,</td>
<td></td>
</tr>
</tbody>
</table>
Commercial lighting
Heating and motive Power, multi-storeyed Buildings, irrigation Pumpsets, industrial heating and motive power (LT), High Tension Supply (HT), and Temporary Installations.

Section - II
Modifications; - Existing connections, service standards and service charges.

Section - III
Customer's complaints; redressal standards, power failures and restoration, meter problems, voltage complaint, billing problems, miscellaneous problems, disconnection, reconnection, helpline.

* In some cases the charter is very general and vague. For example, for irrigation pump sets — the 'days required for servicing' is given as 'as per priority and seniority'. This is not only vague but also implies second-rate treatment to one set of customers. Again the charter does not make any commitment to make the list of seniority and priority public.

* In some cases the time for service standard is unreasonable. For example, for surrender of power supply 75 days is not reasonable.

* No time frame is given for obtaining necessary line clearance for the work to be carried out by the customer through a private contractor.

* the charter gives time standard for redressal and the officers to whom a complaint is to be lodged in Central Customer Complaints Division. Here again the charter is silent on the compensation to customer if the KPTCL personnel fails to meet the time standard for redressal.

* The disconnection right of KPTCL to 'disconnect' with a prior notice of just 7 days is not sufficient on non-payment of power...
bills. This should be extended at least to 20-25 days.

* The redressal mechanism in the charter is ‘ineffective’ as the ultimate solution given in the charter to the customer to redress complaint is ‘do write to the executive engineer of the division with details’. This takes out the very spirit of consumer protection and citizens charter.

* Shortage leads to corruption, clear-cut guidelines are necessary for new connections, bills recovery and the existing rules should be properly implemented. The ‘personnel responsible for lapses’ should be made accountable. Unless accountability is strictly implemented it is difficult to weed out corruption, in spite of schemes like ‘black box’.

* Limit to transmission losses and again accountability to a great extent avoids ‘power theft’ (which is done in most cases with the ‘co-operation’ from KPTCL employees).

* The customer is not properly educated about the do’s and don’ts. More media coverage is to be given for these information.

Section - IV
Customer service; customer meets, public notices, customer service day, black box (for filing complaints against corruption), power theft, payment of power bills, complaint-cum-suggestion box.

Section - V
Safety; do’s and don’ts to be observed while handling electric power.
Section - VI

Save power; tips to save  * More media coverage is to be given about power, how does an these, electric appliance work.

Section - VII

Contact information and  * Standard formats of applications have been format references. reproduced.  

* No telephone numbers are given for contacting the concerned officials. Even E-mail and internet address can be given in the charter.

The biggest lacuna of the customer charter by KPTCL is that, it has not involved employees in decision-making while implementing customer charter. ‘When the KPTCL released the customer’s charter, the employee’s union had said that the charter could not be implemented, because of severe shortage of manpower and line materials at the site level.’ Employees union chairman K.C. Naikwadi said, “the time duration worked out in the customer’s charter had not taken into account the time required for execution of service line work”. He appealed to the KPTCL to ‘issue amendments to the time – duration prescribed in the charter stating that the time duration mentioned in it are excluded from the time required for execution of service-line work’. When the employees association has taken such a ‘negative step’ it is hard to believe the successful implementation of the customer’s charter in letter and spirit. The Government of Karnataka has formed Karnataka Electricity Regulatory Commission (KERC). KERC is an independent and autonomous body established under the Karnataka Electricity
Reform Act 1999 to regulate the purchase, distribution, supply and utilisation of electricity in Karnataka, and to promote efficiency, economy and safety in the use of electricity. The KPTCL is a licensee of the commission. In spite of this the KPTCL's customer's charter does not have a word about KERC. As per the Act, any consumer of electricity who has exhausted his avenues with the KPTCL and has not still been able to get his complaints redressed can approach the KERC. This attitude of KPTCL charter of even not mentioning KERC is not going to benefit consumers. In the best interest of consumers different bodies established by the government (like KPTCL and KERC) have to complement each other in their work, instead of ignoring one another.

Suggestions to make citizens charters effective :

In order to implement the charter effectively, the key issues which need to be addressed are:

◆ The charter should be simple, easy to read and printed in local language.
◆ Procedures/price/forms should be made available online, on display boards, or enquiry counters.
◆ Necessary training and orientation of supervisory and operational staff to ensure maximum utilization of human resource.
◆ Involving customer and staff in formulating and implementing the charters.
◆ Charters should be reviewed at fixed time intervals, preferably within 1-3 years.
◆ Ready information on grievance redressal procedures and compensation for delays.
◆ Encourage users to share their feedback on the quality of services regularly.
Publicize and monitor explicit standards which individual users can reasonably expect for each service.

Citizens are to be given provision of choice wherever practicable.

A charter should promise courteous and helpful service to customers.

If things go wrong, an apology, a full explanation and a swift and effective remedy should be promised.

Charter has to promise efficient and economical delivery of public services to guarantee value for money. Actual performance is to be evaluated against standards.

Quality in 'governance' is a pre-condition for success of citizen's charter.

Citizen's charter has to grow into a movement. Chartering movement needs citizen's participation. 'The role of the citizen cannot be over-emphasized. Consultations with the user is an integral part of an ideal charter. As of now, most of the charters in India are produced by the provider with little participation of citizens. A mechanism needs to be evolved so that their involvement becomes part of the strategy while formulating any charter for which the right to information is a prerequisite. This empowerment would only come through with availability and improved access to information.

If a charter is to be successful, responsibility should be fixed and the persons responsible should be 'dealt with' if the purpose is not achieved. Otherwise charters will also become another unproductive exercise. K.Srinivasan (Secretary, Dept. of Consumer Affairs, New Delhi) rightly remarks "The general reaction of the consumer to citizens charter is : What happens if what is stated in the citizen charter is not adhered to? Unless and until this is clarified, the responsibility fixed and those held accountable are
deal with, the purpose will not be achieved". Even consumer activists like Y.G. Muralidharan writes, ‘Citizen’s charters still remain a cosmetic exercise’. 

The effectiveness and efficacy of introducing a charter can only be expected if its role and relevance percolate down the line to the cutting edge staff. ‘The concept of chartering seems to find great support and enthusiasm at the top levels'. If the spirit of the charter is to prevail, the lower level officers need to be exposed and convinced of its benefits through training and orientation programmes. Only then there would be a ‘commitment’ to deliver the goods.

In India only public agencies/departments have formulated citizen’s charter. Unlike in India, the areas where charters are formulated abroad cover not only public agencies but also private agencies which are involved in the provision of public services. In India there is need for citizen’s charter from private enterprises. This strengthens citizen’s charter movement to a great extent.

SELF-REGULATION BY BUSINESS

In my interaction with Ms. Pritee Shah (Editor, Insight, CERC, Ahmedabad) on Consumer Protection scenario in India she rightly opined that "Consumer courts have also become ‘adjournment courts’, the time has come for depending more on self-regulation (by business), Media and Voluntary sector for effective consumer protection in the country". In this background, it is necessary to create an atmosphere where self-regulation plays an important role in consumer protection.
In India Business Associations have taken to self-regulation for one or more of the following reasons:

1) Many business houses have realized that their success depends directly on consumer satisfaction. Hence, they have voluntarily come forward for self-regulation. To quote A.S. Kasliwal, President of CFBP "It is a welcome sign that the Indian Business Community realizes that, in the changing global scenario there is no alternative but to meet the aspirations of the customer and that a satisfied customer and a successful businessman go together".\footnote{41}

2) There has been an increasing awareness in government circles about need for protecting consumer interests in the country. If business fails to deliver, governments may come out with more legislations and regulations. Business has experienced that government regulation is costly. The CFBP president in CFBP Bulletin opines, "I am aware that we people in business, would not like consumers, who are customers, to seek protection through government machinery, but would instead like to get their grievances redressed directly by us – the business".\footnote{42} As a result to avoid more government regulation business associations have taken to self-regulation.

3) As more and more consumer organisations kept asserting the rights of consumers, associations of industry, trade and commerce started awakening to the fact of consumer strength. For instance ‘when in 1984-1985, Consumer organisations, such as VOICE, IFCO, or CERC, had successfully filed cases before the MRTP Commission, complaining about the unfair advertising practices of companies such as ITC or Sheri Louise, certain executives in professions and industries in, or connected with advertising got together in their individual capacities to incorporate the Advertising Standards Council of India.'\footnote{43}
4) There are some business houses which believe in the Gandhian theory of trusteeship, that a businessman is a trustee for the societal resources – and irrespective of the law, they have been regulating themselves from time to time and have been trying to get the rest of the business community also to practice fair trade norms. Mahathma Gandhi at the 4th Annual Session of FICCI on 7th April, 1931 remarks, “I cannot forget the services rendered by commercial classes, but I want you to go a step further. I want you to make the congress your own and we would willingly surrender the reins to you. But if you decide to assume the reins, you can do so only on one condition. You should regard yourself as trustees and servants of the poor. Your commerce must be regulated for the benefit of the toiling millions”.44

5) There are however some businessmen who did care about the good name of business and also about the consumer. They were willing to resolve consumer’s problems before these turned into grievances, or before the consumer sought relief through an external agency, such as the courts, or the press, or may be even consumer protection agencies. To facilitate this approach many business houses and associations have taken to self-regulation.

6) Judicial activism, environmental movement and entry of multinational companies with goods and services of International Standard have also influenced self regulation. For example, in 1999 the Supreme Court ordered enforcement of Euro 1 norms for passenger cars from June 1999, to control environmental pollution instead of the earlier deadline of April 1, 2000. Euro 2 norms have been enforced in Delhi from April 2000. ‘The Society of Indian Automobile Manufacturers (SIAM) has proposed implementation of Euro 3 norms by 2004 and Euro 4 norms by 2007 for passenger cars. For commercial and multi-utility vehicles, the industry has
proposed a direct transition from Euro 2 to Euro 4 norms. The industry’s proactive stance is in response to its fears of judicial intervention, resulting in about changes environmental norms....’. Further Economic Times writes “in India, the courts have speeded up the process”.

7) Success of self-regulation in other countries has also influenced businessmen in India to take to self-regulation. The International Chamber of Commerce (Paris based International membership body of business) codes have also promoted 'self-regulation' in Indian business.

Business have turned to codes of conduct as one of a number of means of self-regulation. Codes represent a public statement of the industry’s responsiveness to consumer needs and concerns. ‘Codes can provide a flexible, cost effective approach to problem areas. They offer the flexibility and sensitivity to market circumstance necessary for product innovation, diversification, and development’.

In India Associations like CFBP, ASCI, Indian Banks Association FICCI, CIFTI and AIEI have come out with their codes of conduct and contributed to the consumer movement. These Associations have members from all over India.

COUNCIL FOR FAIR BUSINESS PRACTICES (CFBP)

On October 2, 1966 (on Gandhij’s birthday) the Fair Trade Practices Association later converted to the Council for Fair Business Practices was born with 53 members. It represented the coming together of like-minded businessmen who felt the need to safeguard consumer interests in an institutional manner and thereby help elevate the public image of business.

‘In the last 34 years, the CFBP, through its consistent efforts, has contributed substantially to the consumer awareness movement. The CFBP
has been propagating self-regulation among its members, in order to ensure and maintain the good image of the business community for achieving enduring relationship between business and consumers'.

Now, the CFBP has 1080 members from all over the country. Since its inception, the council has formulated a code of Fair Business Practices which codifies the norms of business activities that ensure justice and a fair deal to the consumer. Every member of the Council is committed to the obligations of code of Fair Business Practices. They are to:

- Ensure and enforce fair prices to the consumer;
- Maintain accuracy in weight and measures;
- Arrange timely delivery and efficient after-sales service; and
- Invoice at correct prices.

Not to

- Hoard or profiteer;
- Produce and/or trade in spurious goods or goods of lower than specified standards;
- Adulterate commodities or products;
- Publish misleading advertisements; and
- Knowingly deal in smuggled goods.

**Consumer education**: One of the main activities of the CFBP is educating and creating awareness among both businessmen and consumers about their rights, duties and obligations. The CFBP organizes talks, workshops, seminars, publications, audio visual presentations and competitions to bring more awareness to target groups. Consumer Education Committee was set up by the CFBP in order to promote consumer awareness among the students. The committee undertook the task of preparing a school syllabus on consumer
education and presented to the Board of Education of Maharastra State Government. During 1998-99, the committee had organised essay competition for post-graduate students on the rights of consumers. CFBP publishes a quarterly bulletin giving news about its activities, information and articles to create awareness and understanding about the objectives of CFBP. CFBP has also launched a website to bring about greater awareness. (Website address is: www.cfbp.org). This website can be accessed by businessmen as well as consumer’s with grievances or suggestions. The CPBP has brought out a video film on the activities of the council. Another Audio-visual is being prepared by the CFBP. The core message of the film is “A satisfied customer and a successful businessman go together”. The film would highlight the CFBP and its objectives. The duration of the film would be 7 to 10 minutes and the target audience would be the second line of industrial units and companies as well as small traders, industry retailers, agents and others.

**Consumer education and testing centre**: The CFBP has established a consumer education and testing centre named – CFBP Ramakrishna Bajaj Consumer Education and Testing Centre at the SNDT Women’s University. The centre carries out chemical and microbiological analysis of food samples from the local market, consumers and industries for the quality and presence of adulteration. It also offers consultancy to consumer co-operatives and small-scale food industries for ensuring standards of their products. It is also engaged in a consumer education programme wherein schools, women’s clubs and welfare organisations are covered. Consumer market surveys are also being carried out to assess the purchasing pattern of food commodities (to guide better pattern to consumers). The centre has also conducted seminars to disseminate information and findings of the work done at the centre on food safety and the consumer with a thrust on specific food commodities.
CFBP in consumer protection and welfare: Though CFBP represents the business community, its main objective is to protect the consumer’s interest. The CFBP claims that ‘There is a great need for better communication, understanding and support between the consumer and business or trade. Highlighting the fact that every businessman is not corrupt and does not exploit the ignorance of consumer, CFBP tries to bridge the gap. It insists on not only prescribing the code, but ensuring that its members steadfastly follow the code of fair business practices’. 3950

Consumer redressal committee: CFBP has constituted a separate committee to redress the consumer complaints. The Consumer Redressal Committee consists of the leading consumer activists, in addition to members from the CFBP. This committee scrutinizes the complaints and assists as a catalyst and mediator. The CFBP received 300 complaints during the year ending March 31, 1999 (1998-99), of which 65 cases have been successfully solved.51 During 1999 – 2000 the committee (headed by Dr. V. Subramaniam, former minister, Govt. of Maharashtra) has settled 55 or 40% of total number of complaints filed.52

CFBP has also motivated Business Houses/Chambers of Commerce and Trade Associations to start Consumer Affairs Cell in their organisations to give top priority to consumer grievances.

Consumer welfare committee: The CFBP has established an exclusive consumer welfare committee. The committee has taken a number of steps to take care of consumer welfare. For instance, CFBP arranged a presentation on quality processes on 16-9-1998 in co-operation with Tatas on the Malcolm Baldrige Model which helps to improve business processes and quality.
The salient features and objectives of the programme are:

- Managing a business with an integrated focus on achieving high standards of customer perceived quality.
- Focus on meeting customer requirements and improving operating performance.
- Enhancing product quality leading in customer delight.

CFBP has also recommended Model warranty to be adopted by its members for their manufactured goods.

Jamnalal Bajaj Uchit Vyavahar Puraskar (Jamnalal Bajaj Prizes for Fair Business Practices): To encourage high standards of integrity and fairness in business dealings and adherence to fair business practices in the interest of consumers and the public at large, the CFBP instituted Jamnalal Bajaj Prizes for Fair Business Practices. For the past 11 years the CFBP has been giving prizes.

CFBP’s advisory board: The Advisory Board of CFBP speaks of its commitment to consumer protection and welfare. The Advisory Board’s work is to decide policies for fulfillment of the objectives of the council, to review the activities of the Council and to resolve those issues where interests of trade and industry clash so that consumer’s interests are protected. The Advisory Board consists of:

- 5 representatives from amongst MPs and MLAs;
- 3 representatives from Consumer Organisations; (Presently there are four members in the Advisory Board. They are Mr. Pheroze Amroliwalla (CAG, Chennai) Mr. Madhukar Mantri (MGP, Mumbai), Mrs. Asha Idnani (CGSI, Mumbai) and Mrs. Swarn Kohli (CERC, Ahmedabad);
- 3 representatives from Women’s Organisations;
• 3 representatives from Teacher's Organisations;
• 3 representatives from Social Organisations; and
• 14 eminent persons in public life and members of the CFBP's Executive Committee as Ex-Officio.

Though the CFBP represents the business community, the Advisory Board consists of members who are consumer-and society-oriented. Even in the Executive Committee eminent people with the commitment to the consumer movement and consumer activists are included as invitees. To become an executive committee member one has to be a member of CFBP. Members are enrolled on a selective basis from all over India. Before enrolment applications for membership are carefully scrutinized by the membership committee. Every member of the Council receives an official emblem of the Council. This emblem serves as an assurance to the public that the holder of this seal is pledged to follow fair business practices. The constitution of the CFBP provides for action for preventing the use of emblem of the Council for breach of the code of Fair Business Practices guarantees to a certain extent that members will not depart from fair business practices. This emblem is to be prominently displayed in the business premises of the members.

LIMITATIONS OF CFBP

1. Though the CFBP had planned to be an all – India body with Regional and State Committees and District Charters, it has ended up by being a local body prominently functioning in and around Mumbai, even though it has members from different parts of the country. The majority associations they had collaborated with, turned out to be all Mumbai-based, such as CGSI, MGP, SNDT Women’s University, and Women Graduates Union. After lot of criticism two organisations CERC, Ahmedabad and CAG
Chennai are included in the Advisory Board. In spite of this change, the scope of CFBP’s work has not widened. It is more or less limited to Mumbai.

2. The only weapon with CFBP to enforce code of Fair Business Practices is to withdraw the emblem of the Council. As the emblem is not popular among consumers as a symbol of integrity, honesty and quality, members do not lose much even if the emblem is withdrawn. The CFBP has not taken any major step to popularize its emblem among consumers.

3. The CFBP has often become the spokesman for businessmen and traders. For instance, instead of welcoming a consumer friendly act like CPA 1986, CFBP got quite concerned with the introduction of CPA. In a workshop organised in 1986 December itself, the meeting organised by CFBP was consensus ‘that the business community should think of ways and means to prevent further doses of government legislation’.53

ADVERTISING STANDARDS COUNCIL OF INDIA (ASCI)

In order to enforce an ethical code in advertising, the Advertising Standards Council of India was incorporated in October 1985. It is a non-profit organisation set up by 43 founder members. The ASCI is a body of advertisers, advertising agencies, the press and others involved in any form of advertising. The ASCI introduced ‘Code for Self-regulation in Advertising’. The code is intended to ensure the truthfulness and honesty of representations and claims made in the advertisements wherever they appear and to see that they are not offensive to the generally accepted standards of morality and public decency. Any consumer can approach this council. The ASCI adjudicates as to whether an advertisement is offensive and its decision will be binding on its members.
Codes:

ASCI codes 'is inspired by a similar code of the Advertising Standards Authority (ASA), U.K. It seeks to achieve the acceptance of fair advertising practices in the best interest of the ultimate consumer'.54 The code for self-regulation (see Appendix-IX for detailed code) seeks to ensure the following regulations in advertisements:

1) To ensure the truthfulness and honesty of representations and claims made by advertisements and to safeguard against misleading advertisements.

2) To ensure that the advertisements are not offensive to generally accepted standards of public decency.

3) To safeguard against the indiscriminate use of advertising for the promotion of products which are regarded as hazardous to society or to individuals to a degree or of a type which is unacceptable to society at large.

4) To ensure that advertisements observe fairness in competition so that the consumers need to be informed on choices in the market-place and the canons of generally accepted competitive behaviour in business are served.

Consumer complaints council:

To ensure the observance of the code, ASCI has set up a Consumer Complaints Council. The Council consisting of 14 members from various walks of life – medicine, law, media – hears a complaint from a member of the public, examines it in the light of the code, ask the advertiser or agency to comment and submit a substantiation. On upholding the complaint by the ASCI, it asks the advertiser to withdraw the advertisement. The procedure takes two months.55

Seventy-five per cent of all consumer complaints to the ASCI are related to liquor surrogate advertising. Surrogate advertising – the practice of
indirectly promoting the sale of a product whose advertisement is banned, by advertising another product carrying the same name and/or logo or through suggestive visuals — is catching up, especially on the Doordarshan, the Government owned TV channel, where both alcohol and cigarette advertisements are banned. (For example: Knock out is a popular brand of beer manufactured by Mysore Breweries Ltd. in Karnataka. During prime time, just before Kannada news in Bangalore Doordarshan (6-O-clock, 59 minutes and 50 seconds) at 7-O-clock, Knockout T-shirts (underwear) are advertised with the same logo of “Knock out” beer and even the words “knock out” are projected in such a way that of the beer advertisement in other media.56

The ASCI has taken a principled stand against surrogate advertising. It was an absurd situation whereby products like underwear, soda, glasses, snacks, playing cards are used in surrogate advertising. In 1995 the ASCI revised its code of conduct to bar surrogate advertising.

The ASCI to popularize its code and to regulate advertising has given a number of advertisements. One of its advertisement copy with a caption “How to tell a lie” reads like this: ‘If you read an advertisement that’s lying, making false claims, insulting your sense of decency, send us a cutting. If the advertisement is on radio, TV, film, posters, or hoarding, tell us when and where it appeared. Together we’ll set it right’. The ASCI advertisement further claims it as ‘The conscience of advertising’.
PROCESSING A CONSUMER COMPLAINT BY ASCI

1. Complaint received by ASCI with a specimen or description of the offending advertisement

2. Advertiser and/or agency asked to comment on complaint and submit substantiation where necessary.

3. Reply/substantiation received.

4. No substantiation received, substantiation unsatisfactory or advertiser disputes alleged breach.

5. Consumer complaints council considers complaint and reply, if any.

6. Consumer complaints council orders further investigation.

7. Consumer complaints council decides no further investigation is required.

8. Investigation report considered by the consumer complaints council.

9. Complaint upheld by consumer complaints council

10. Complaint not upheld by consumer complaints council.

11. Assurance sought by ASCI from advertiser to withdraw advertisement.

12. Assurance received

13. Assurance not received

14. Agency / Media asked not to carry advertisement

15. Consumer complaints council’s decision and follow up by ASCI conveyed to complainant

(Source : Chunawalla, 1997, p.34)
Is ASCI Effective?

Pressure from VCOs, fear of litigation and the soon-to-be passed CPA, rather than a concern for the consumer which made the advertising community set a code for self-regulation for itself in the year 1985. As far back as 1977, Jajie Mandanna writes in her book *The Indian Market Place* that it is ‘necessary to draw up a code whereby our advertising business can restrict itself to factual and informative advertisements that can be truly legal, decent, honest and truthful’. But in spite of pressures like this, there was no response from the advertising business. ‘It was only when some enterprising consumer organisations, such as VOICE and IFCO in Delhi, and CERC in Ahmedabad, decided in the eighties, to take some business organisations to the MRTP commission for their false and misleading advertisements and unfair trade practices, that a code was finally introduced.’

In the case against a cigarette manufacturing multinational giant, ITC Ltd., Calcutta, the VOICE and the IFCO Complained that ITC had indulged in an unfair trade practice, which was also harmful, when it advertised its “Made for each other” advertisement in 1984. Similarly CERC of Ahmedabad, filed a complaint against the Sheri Louise Slimming Centers before the MRTP commission stating that certain of their statements about weight loss, and the accompanying improvements in health, were misleading and created a false impression. Both the orders were passed in favour of the complainants and the respondents were ordered not to publish such harmful or misleading advertisements. It was after these cases had been fought that the advertising business found that “Consumers (are) having an increasing disbelief in advertising. And a growing resentment of it”. As such “Forty-three persons in professions and industries in or connected with advertising got together in their individual capacities to incorporate the Advertising Standards Council of India.”
It is clear that the advertising industry has not come forward voluntarily on its own. It is more due to fear that it has come out with a council and a code.

It (ASCI) does not have enforcement powers. It acts as only a moral pressure group. Its code is also not definitive about offensiveness etc. Its code will acquire teeth now that it proposes to publish cases of non-compliance by advertisers and agencies in mass media and the annual report of ASCI. It also lacks in resources.

David Thomas, P&G has suggested the following five steps to strengthen ASCI:

i) There should be an impeccable image of advertising.

ii) What we need is a single clearly defined and well published code.

iii) The decisions are to be taken quickly. By the time ASCI takes a decision, the advertisement has already achieved what is sought to achieve.

iv) ASCI should be strengthened financially.

v) ASCI should have power to enforce decisions.

In addition to these suggestions in order to improve the working of ASCI, more members are to be enrolled to the council and the code of ASCI is to be properly published. Very few people now know and bother to complain against unethical advertisements. 'The reality is that few people take the trouble to monitor or write in protest (to ASCI); besides, the corrective (or warning) message never reaches those who have been exposed to the advertisement'.

ASCI has to involve different professional bodies concerned with advertising. For example professional bodies representing advertiser, the
advertising agency, and the media of advertising have to be involved in implementing 'code of ethics' in advertising and other consumer protection/welfare activities. The ISA – The Indian Society of Advertisers is the representative body of Advertisers in India. The AAAI – The Advertising Agencies Association of India – represents agencies in the industry which undertake advertising on behalf of advertisers. The INS – the Indian and Eastern Newspapers Society is the organisation of newspapers, magazines and other publications.

Professional bodies like the ISA can be made use of for making advertisements more consumer friendly. ISA has 236 premier companies (in 1999) as members. ISA itself claims that 'our mission : to promote, maintain and uphold ethical and economic discipline in advertising. To present, protect, inform and promote laws, codes and standards of practice. To moderate and monitor media costs and competition, encouraging development of new media'. In order to make the 'code for self-regulation in advertising' more effective, the ASCI has to involve more and more professional bodies like ISA, AAAI and INS in its network in addition to its individual members.

INDIAN BANKS ASSOCIATION

Indian Banks Association (IBA) is a voluntary service organisation of the banking industry in India. The IBA was established in 1946 with 22 members. The association's membership went up to 176 by March 1999. The membership of the association consists of public sector banks, foreign banks (including foreign banks representative offices), urban cooperative banks, development financial institutions, federations of the agricultural banks, mutual funds, district and central co-operative banks. 'IAB is an advisory service organisation of banks. It serves as a thinking group and forum for
banks in matters of concern to the whole industry. It is a co-ordinating agency for the banking industry'.

The IBA framed ‘Ground Rules and Code of Ethics’ (GRACE) in the year 1977. However the framework of GRACE predominantly suited a fully regulated environment. In the context of liberalization and financial sector reforms, the IBA has set up a ‘committee to monitor a code of ethics (CMCE) to revise the GRACE. A new code for banking practice was prepared, which was approved by the Reserve Bank of India (RBI). (RBI advised that code for banking practice is an order for uniform adoption by the member banks). The IBA code for banking practice replaced the GRACE with effect from 1\textsuperscript{st} September 1999 for adoption by all member banks.

The IBA code for Banking practice is a non-statutory code issued on a voluntary basis. It is to be observed by the member banks in dealing with their personal customers. It covers specifically banking services such as current accounts, savings and other deposit accounts and advances.

**Objectives of the code:**

The code is intended :-

a) to promote good banking practices by setting out minimum standards which member banks will follow in their dealings with customers;

b) to foster customer confidence in the banking system; and

c) to inculcate self-discipline amongst member banks with a view to promoting healthy competition and ethical practices in respect of banking services.

**COMMENTS**

IBA is the only association to announce time-bound review/revision of its code. ‘The code (which) becomes effective from 1\textsuperscript{st} September, 1999...
would also be subject to review/revision from time to time; at least once in every three years'.

Action for non-compliance of the code by members is not clear in the code. There is no guarantee that all members of the association follow the code in letter and spirit. A committee has to be constituted to monitor the implementation of the code, with power to deal with those who fail to comply with.

THE BANKING OMBUDSMAN

The concept of ombudsman has gained importance in a number of countries as an effective means of customer grievance redressal. IBA played an important role in introducing banking ombudsman scheme in India. For instance, it invited Sir Laurence Shurman, Banking Ombudsman United Kingdom in July 1993. 'His talk facilitated a number of senior bankers to know about the relevance and importance of this concept, and how it could work effectively for improving the quality of customer services'.

The RBI in its desire, to improve the quality of customer service in Indian banks, formulated banking ombudsman schemes in 1995. The ombudsman scheme came into operation from June 14, 1995. Twenty public sector banks, eight associate banks of the State Bank of India, thirty four private sector banks, twenty-seven foreign banks, two non-scheduled commercial banks and thirteen scheduled primary co-operative banks are covered under ombudsman scheme.

Any person who has a grievance against a bank, may himself or through an authorized representative make a complaint in writing to the banking ombudsman within whose jurisdiction the branch or office of the bank
complained against is located (For Karnataka Region Ombudsman is working at the address: RBI, 10/3/8, Nrupathunga Road, P.B.No.6768, Bangalore-2)

After hearing the complainant and the concerned bank, the ombudsman gives the award. According to sub-clause 6 of clause 20 of scheme, ‘an award shall not be binding on a bank against which it is passed unless the complainant furnishes to it, within a period of one month from the date of the award, a letter of acceptance of the award in full and final settlement of his claim in the matter. Within fifteen days from the date of receipt by it, of the acceptance in writing of the award by the complainant, the bank shall comply with the award and intimate the compliance to the banking ombudsman’. If the concerned bank fails to comply, the ombudsman according to sub-clause 7 of clause 20, ‘shall report to the Reserve Bank the non-compliance of an award which became binding on it pursuant to sub-clause (6).’

RATING MODEL FOR CUSTOMER SERVICE IN BANKS

The RBI in association with IBA has formulated a model to rate customer service in banks. It is planned to conduct a survey wherein banks are split into two groups and each group subjected to survey once in two years so that every bank gets covered once in two years. The ‘rating model for customer service in banks’ prepared by RBI is approved by the Board for Financial Supervision.66

FEDERATION OF INDIAN CHAMBERS OF COMMERCE AND INDUSTRY (FICCI)

The FICCI – the apex body of Indian Trade and Industry, has been advocating from time to time, the need for self-regulation as the main alternative for countering governmental intervention. For instance, it was as far back as 1963 that the FICCI had issued a detailed statement on business
conduct urging businessmen to run their enterprises in the wider public interest as well as to maintain and enhance the prestige of commercial and industrial organisations.67

The statement underlined the need for businessmen to exercise a great measure of self-restraint and to devise ways and means for securing observance of high ethical standards. Continuing its effort, in the year 1984 the FICCI set up a Consumer – Business forum with a view to devise ways and means to redress consumer grievances. The forum requested member business houses, trade associations and chamber of commerce to set up 'consumer complaints cells' to provide easy access to complainants. FICCI has also emphasized environment management. In a survey of 400 plants conducted by FICCI, 96.7% of the units had already initiated some steps for pollution prevention and, 86.1% have taken measures for treating effluent wastes. FICCI set up its 10 point norms of business ethics in January 1985. As a measure of self-regulation, it's code of conduct which requires:

i) to ensure quality and safety of articles manufactured, processed or sold and to adhere to specified standards;

ii) not to manufacture, store or sell adulterated goods;

iii) to maintain accuracy in weights and measures of goods for sale;

iv) to support free distribution of goods and avert creation of artificial scarcity;

v) not to deal knowingly in smuggled or spurious products;

vi) to avoid publishing misleading advertisements;

vii) to ensure that warranty of a product or service is based on adequate data or tests;

viii) to conform to specified or accepted norms for ensuring safety of products;
ix) to provide effective after-sales services for consumer durables; and
x) to encourage setting up of consumer affairs cells in industrial houses to
    attend to consumer complaints and to get proper feedback.

COMMENTS

The seriousness of the FICCI in introducing code of business ethics is
doubted on the ground that it was introduced in 1985 when the news of a
comprehensive piece of legislation to protect the interest of consumers was
discussed. Audrey Rebello writes 'Most of these codes..., were formed
towards the beginning of 1985 – just when the news about the nascent
consumer protection bill was circulating about in the concerned circles'.

Even though every member of the FICCI is supposed to subscribe to
and follow norms and ethics of FICCI, not every member has set up a
consumer affairs cell to attend to consumer complaints and get proper
feedback even in the year 2000. In addition to this, 'all the associations –
CEBP, ASSOCHAM, and FICCI take credit for Consumer Affairs Cells in the
same organisations.'

The code of fair business practices of the CFBP and code of conduct of
the FICCI are more or less duplication. Members of both the organisations
claim to follow the codes of the two, even though they are almost the same, as
for as advertisements, adulteration, smuggled goods, weights and measures
and after-sale services are concerned.

During 90's as the heat of the CPA has settled down, the FICCI has not
come out with any innovative measure to protect the interest of consumers as
it did in the eighties. During 1998-99 the FICCI has formed 27 committees
for different activities, but there is no special committee for consumer affairs.
This clearly shows the attitude of the FICCI towards consumer welfare.
ASSOCIATION OF INDIAN ENGINEERING INDUSTRY (AIEI)

The AIEI is an all India organisation, representing industrial and commercial units in engineering industry. AIEI has formulated its own 'consumer code'. In this code, the following guidelines have been suggested for the members of the engineering industry:

i) Safety norms should be in accordance with accepted standards as laid down by statutory bodies.

ii) In case of deviation from these norms, suitable warnings must be placed in a manner to be clearly visible. Depending on the product the warning may be marked boldly on the product itself or stated in the Industrial Manual.

iii) All warranties must be explicitly stated, especially if they do not cover 'bought-outs'.

iv) In case the warranty does not cover bought-outs the remedy against defects/non-performance of bought-outs should be explicitly stated.

v) All warranties should be explicit and not implicit.

vi) The procedure for invoking a warranty should be given in clear terms.

vii) It should be ensured that distributors are reasonably stocked with warranty spares to ensure prompt remedy against customer complaint.

viii) Performance guarantee in respect of capital goods should be explicitly stated either at the bidding stage or at the time of signing the contract. Finalization stage as it is subject to fulfillment of certain preconditions by the customer (for example, correct foundations, air purity, water chemical analysis etc).

ix) In advertisements and other promotional media, merits of one's own products and/or likely advantages to the buyer may be mentioned but likely competitors should not be compared in any manner which explicitly decries their products.
x) Information of a misleading nature (ads, leaflets etc) and the technical data should be specific, not vague.

xi) Use of sex symbols should be avoided unless relevant to the product.

xii) Market research data should be used with qualifications and not in a manner which can be misleading.

xiii) Industries should ensure that they are following environmental protection norms as specified by regulatory bodies like the State Water Pollution Control Boards and the Central Water Pollution Control Board.

CONFEDERATION OF INDIAN FOOD TRADE AND INDUSTRY (CIFTI)

CIFTI is an apex organisation of the food trade and industry in the country. ‘Recognizing the need for evolving principles of sound consumer welfare which could supplement and complement the national food legislations and quality control infrastructure, in 1989 the CIFTI drew up a ‘Code of ethics’ for Food Trade and Industry and recommends its adoption’.71

The code applies to all food items produced and distributed and establishes standards of ethical conduct to be applied by all those concerned with the production, distribution, import and export of these items. The code envisages the production and distribution of food items to be governed by the principle that all consumers are entitled to adequate and safe food and also covers protection from unfair trade practices. Code emphasizes members to attempt to produce foods of superior quality conforming to the standards specified by the Bureau of Indian Standards (BIS) and AGMARK. The code provides for proper labeling, limits for pesticide residues in food, control of micro-organisms and parasites and avoiding any exaggerated nutritional claims in any form, apart from accuracy in weights and measures of goods
offered for sale. The code also stresses that all advertisements of foods should ensure that they are truthful and that the consumer's need to be informed on choice in the market place and generally accepted competitive behavior in business are served. It also takes into consideration proper guidance to be provided to the customer regarding the products sold, adherence to the requirements with regard to information about sale price, and setting up 'consumer affairs cells' to redress the complaints. The CIFTI has a testing laboratory – The Food Research and Analytical Centre (FRAC).

Comments:

CIFTI formulated its code of ethics only in 1989 – much later than the others. 'It is said that CIFTI also seems more interested in proving its bonafides to the government and the consumer, so that no further doses of legislation or regulatory bodies may put external controls over the running of their business or trade'.

All members of CIFTI are from the organised sector. The confederation has not done anything to bring unorganized sector into its fold which accounts for 70 to 80 per cent of the food produced and processed. Even the BIS has not extended Hazard Analysis Critical Control Point (HACCP) certification programme to unorganized sector. As a result food borne diseases are a major health problem to consumers, according to scientists at the National Institute of Nutrition, Hyderabad.

Realising the importance of self-regulation the Ministry of Consumer Affairs and Public Distribution, Department of Consumer Affairs, held a meeting (on 22-12-1999) with the representatives of ASSOCHAM, FICCI, and CII to discuss the possibilities of setting up an organization on the lines of the Better Business Bureau of U.S.A., so as to:
• Provide reports on business firms that will be helpful to the consumer to make purchase.
• Provide information about charity groups and organisations.
• Help resolve consumers' disputes with business through conciliation, mediation and arbitration.
• Provide ethical business standards and voluntary self-regulation by business persons.

The organisation will be a voluntary, independent, autonomous arrangement made by business people to provide best judgement to resolve the issue. CFBP is willing to act as Better Business Bureau of India.74

The VCOs have also realised the importance of self-regulation in business. For example, in a National Workshop on "Alternate Dispute Resolution: Experiences and expectations" at CERC, Ahmadabad, (on Nov 19 and 20, 2000) it was decided to set up an alternative All-India forum for dispute resolution between consumers on one hand and business and industry/government department and public sector units on the other. (consumer courts established under CPA, 1986 are also burdened with lakhs of pending complaints).

The dispute resolution mechanism will be formed with important union ministries, top business and industry federations, FICCI, CII, ASSOCHAM, CFBP Mumbai, as signatories.

The resolution adopted at the workshop, among other things, set out the following functions of the proposed mechanism:
• A panel of arbitrators who will render services voluntarily, if and when conciliation and/or mediation fails one or two arbitrators shall be identified and nominated by the parties; the arbitrators shall settle dispute within 90 days.
• It for any reason, the arbitrators cannot decide the dispute within 90 days, they shall set out the reasons and indicate the possible date by which they will decide the issues involved.

• Provision for conciliation and mediation has also been proposed. The conciliation and / or mediation proceeding shall be completed within six weeks and, if the dispute is not resolved, it will be referred to arbitration and the parties will select the arbitrator’s panel.

SCENARIO IN KARNATAKA

In Karnataka State there are about 150 business associations at state level and regional levels. Important among them are:

The Federation of Karnataka Chamber of Commerce and Industry (FKCCI), Bangalore, the Greater Mysore Chamber of Commerce and Industry, Bangalore, the Mysore Chamber of Commerce and Industry, Mysore, the Canara Chamber of Commerce and Industry, Mangalore, The Karnataka Chamber of Commerce and Industry, Hubli, the Hyderabad Karnataka Chamber of Commerce and Industry, Gulbarga, the Belgaum Chamber of Commerce and Industry, Belgaum, the Coorg Chamber of Commerce, Madikeri, the Tumkur district Chamber of Commerce, and the Shimoga Chamber of Commerce, Shimoga. None of these associations have taken to ‘Code of conduct’.

The FKCCI, Bangalore is the apex business association in Karnataka with good infrastructure and resource. Its president (Sri.Thallam Venkatesh) in October 1999 in an interview given to this researcher goes to the extent of saying, “Ours is an association of industrialists and traders. We are here to protect the interest of our members – not that of consumers.” The FKCCI has not done anything concrete to protect the interest of consumers. They have
conducted some cosmetic exercises like seminars (for instance in association with IICS, Bangalore) on topics like citizen’s charter (4-7-1999) and consumer protection and on genetically modified foods and consumers (on 15th March 2000) in association with the CREAT, Bangalore. The FKCCI has a lot of potentiality to take steps for consumer protection through self-regulation. It has to realize that the success of trade and industry goes with that of consumer service. Trade Associations in Karnataka have to take steps to come out with their own ‘code of conduct’ in the lines of CFBP, ASCI, Indian Banks Association and such other national and international bodies. The benefit of the code of conduct (national level association) can effectively reach consumers only when the trade associations in the state, regional and district level evolve their ‘code of conduct’ and deliver goods and services to the consumers. Otherwise the exercise of associations at national level will go in vain.

ETHICS IN BUSINESS

Performance of a business can be measured in two ways – ‘economic performance’ and ‘social performance’. Economic performance is measured by revenues, costs and profits and the social performance is represented by obligations to employees, customers, environment, creditors, suppliers, distributors and society as a whole. To a great extent social performance of a business depends on ethical practices. Ethics makes businessmen to act positively. The decision of as what is ‘right’ and ‘proper’ and ‘just’ in business is dependent on ‘ethical’ standards. Legislations and government intervention ‘impose’ rules and regulations on business. This is a negative approach. If businessmen voluntarily follow ethical standards, that is a positive approach.
It is everyday experience of many about unethical business practices. Many a time unethical business practices go unnoticed. Some examples of unethical business practices are:

ONE: Concoction of cheap cooking oil, caustic soda, urea, sugar and detergent is sold as milk in some parts of the country. What about the consumers — in particular infants, sick and expectant mothers who consume this?\(^{75}\)

TWO: A multinational company marketed adulterated drug – Comsat Forte. In an eye camp near Bangalore (on 26th Sept. 1996) three people died due to this adulterated drug. The tragic part of the case is that, the company did not withdraw the products even after they came to know that the drug had been adulterated.\(^{76}\)

THREE: In Kolar district (Karnataka) tomato seeds purchased by 87 farmers did not germinate during October, 1998; as a result farmers incurred huge losses. It is found traders had sold duplicate seeds. Due to heavy loss a farmer committed suicide.

FOUR: A survey conducted (in June 1999) in Dakshina Kannada district (Karnataka) has revealed that 54 per cent of college students have taken to tobacco and ‘gutka’ after being influenced by attractive advertisements.\(^{77}\)

FIVE: ‘Knock out’ is one of the leading beer brand in Karnataka. The liquor advertisement is banned in Doordarshan (govt. owned channel). During prime time (just before 7pm Kannada news in Bangalore Doordarshan) Knock out T-shirts (underwear) are advertised with the same logo of the beer. The words Knock out are projected in the same way as beer advertisement of knock out in other media. The
The above examples of unethical business practices are just tips of the iceberg. There are innumerable unethical practices practiced by our businessmen. Our food is adulterated, patients die due to negligence in hospitals, unreasonable prices are charged by businessmen, industries pollute, advertisements persuade consumers to buy those products which are not necessary and pushes consumers to 'materialism' and sometimes to 'debt trap'... The list is endless.

WHAT MAKES A BUSINESSMAN ETHICAL

Ethics is a very powerful tool. In order to protect the interest of consumers, the ethical standards of businessmen or to be upgraded. Ethics is a very complex issue influenced by a number of factors. Important factors which influence the ethical standards of businessmen in relation to consumer protection are: (i) consumer movement, (ii) business education and marketing research, (iii) legislations, (iv) economic theories, (v) Indian ethos, (vi) ethics is two way and (vii) corporate environment.

Consumer Movement: Ethical standards among business community is influenced to a great extent by the 'strength' of the consumer movement. Lobbying for legislations and their enforcement, environment protection programmes, counter-advertisement campaigns, consumer boycotts, consumer education and such other activities influence ethical standards of businessman.

Business Education And Marketing Research: It is complained that modern business schools teach students only about various ways of profit maximization, but not about the importance of ethics in business. There are very few business schools (like IIM, Ahmedabad) where students are taught
different aspects of consumer protection. Importance to ethics and consumer protection in business education will help to protect the interest of consumers.

Modern marketing /consumer behavior research are oriented towards exploiting human vulnerabilities in the market place. Unethical marketing practices have crept in design of the products, packing, pricing policies, distribution and in promotional schemes. Hence there is the urgent necessity of orienting marketing research on ethical basis.

Legislations: There are a number of examples of laws that do reflect collective moral judgements. For example, environmental pollution can be cited as an ethical problem that was belatedly remedied by legislation. Discharge of chemical wastes into lakes and rivers was considered unethical a few years ago is clearly illegal today. Hence legislations can supplement other factors to improve ethical standards.

Economic Theories: Any economic theory or ‘ism’ without ethical composition cannot serve the interest of the consumer. For instance, socialism, capitalism, communism, mixed economy, and free economy define consumer interest in different ways. For example, mixed economy in India may not result in reasonably equal distribution of resources among all consumers. Therefore care should be taken to inculcate ethical standards into the economy.

Indian Ethos: If the Indian time-tested ethos (the characteristic spirit and belief of community, people) is adopted in business, it will help to have broader vision of business. Indian ethos emphasizes offering one’s life and efforts for the good of others. Some of the elements of this ethos are:

a) Means are equally important as the ends (Yadarisi Bhavanah Yasya Siddhi Bhavati Tadrisi)
Contrary to the above principle, the aim of a majority of the business houses today is to increase the profit by ‘any means’, irrespective of the ‘social costs’ and without any ‘social commitment’. This has resulted in many social costs like environmental pollution, lack of sustainability and exploitation.

b) Welfare of all : In Bhagvadgita Lord Krishna says to Arjuna “I have interpenetrated this universe like pearls on string”. Hence doing good for others ultimately does good to the doer also. Business should realize this. Kenneth Blanchard and Vincent Peale in their book The Power of Ethical Management writes, “Managing only for profit is like playing tennis with your eye on the score-board and not on the ball.”

c) The Vedantic idea of Karmayogi : A Karmayogi is one who works for the good of others without expecting profits for himself. Lord Buddha says a Karmayogi is one who “works for the good of many, for the welfare of many, with compassion for many people, for their true well-being”. He says such attitude towards work leads one to spiritual perfection (Nirvana) and liberation. (Moksha).80

If our businessmen follow this ethic then, there will not be any conflict between the interest of businessmen and consumers. In the words of Ms. Catherine Devrye, winner of a Australian Executive women of the year (1998) award – “If you combine the rich cultural heritage of India with world best class practice in customer service, it will increase your profitability without adding cost”.81

Ethics Is Two Way : If society expects businessmen to be ethical, then naturally businessmen expect society to be ethical towards them. For example, there are a number of unethical consumer practices. Shoplifting,
copying copyrighted materials, (Like books, videotapes, software etc) abusing
goods and returning them as damaged goods, abusing warranty or
unconditional guarantee privileges, buying goods on credit and then not
settling the account, damaging the shops during riots and strikes are a few of
the examples of consumers unethical practices. As ethics is two-way dealing,
consumers are to be educated in ethical consumer practices. Business also
expects government and society to be ethical towards them.

**Corporate Environment**: The wisest approach is to create a corporate-wise
and industry-wise environment that encourages ethical business practices.
Many business houses and industry / trade associations have realized the
importance of ethics and developed a code of ethics (which they revise from
time to time) but their number is microscopic. It is essential to educate
businessmen on the necessity, benefits and importance of ethics in business.
In total in order to create a ‘healthy environment’ for consumer protection all
these factors which influence the ethical standards of businessmen are to be
properly moderated in the society.

The awareness about environment protection and consumer protection
has increased among business community. A.S. Kasliwal writes on the
importance of environmental protection “Posterity will not forgive us, if we
do not take urgent remedial action to tackle the environmental damage caused
by air and other forms of pollution”. As far as consumer protection some
business enterprises go to the extent of linking employee remuneration to
customer satisfaction. For example, The Korean Car maker, Daewoo India
Ltd., has linked appraisals, promotions, increments, and bonuses to its staff to
a Customer Satisfaction Index Score (CSI Score). Even though these are
stray examples, these clearly show the potentiality of business initiated
consumer welfare strategies.
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