Consumer Protection and Welfare: An Overview

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“The customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption on our work. He is the purpose of it. He is not an outsider on our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us an opportunity to do so”

- Mahatma Gandhi
• All of us are consumers

• We are consumers from Cradle to Grave

• Supreme court says we become consumers even before birth
Risk Areas: What is hurting Consumers

- Unfair market Practices
- Inadequate policies
- Ignorance of Consumer Rights
- New Products/Services
- Ineffective redress mechanisms
- Weak consumer movements/consumer advocacy organizations
What is Consumer Protection

The concept of Consumer Protection revolves around the notion that consumers should:

- “Get what they pay for”; (Value for Money)
  - Be aware of the contents of the items they purchase;
  - Be guaranteed of the safety of those products;
  - Be aware of any policies and practices affecting their finances;
  - Have some recourse for breeches of any of these principles.
Consumer Protection Entails;

- Promoting and safeguarding the interests of consumers as regards quality safety, standards of products and services;
- Regulating markets to prevent unfair market practices;
- Promoting fair competition in the markets;
- Empowering consumer to take rational decisions in the market;
- Setting up Redressal mechanism, and providing the remedy.
Factors Affecting Consumers in a Changing Economy

- Globalisation and liberalisation
- Increase in disposable income
- Consumers demand new Goods and Services
- Growth of Service Sector
- Evolving structure of the retail sector
- Rapid technological change
- Changing nature of advertising
Understanding Today’s Consumers

Socio-economic factors play a role in determining how consumers are faring in the new marketplace

- Changing Demographics
- Consumer Literacy
- Consumer Finances
- Spending Patterns
Social Criticisms of Business

- High Prices
- Deceptive Practices
- Poor Service
- Unsafe Products
- High Pressure Selling

Business Impact on Individual Consumers
AC NIELSON SURVEY

• 10-30% of Cosmetics, toiletries, packaged food are counterfeit

• 10% of Soft Drinks are spurious

• 20-30% of Electronic goods and computer peripherals are counterfeit

• Rs. 4000 crore worth of spurious drugs are sold every year
• 40-50% Engineering goods in open market are spurious

• 30-40% Building Material in open market are spurious

• 10-20% of Degrees / Diplomas / Certificates are Fake

• Of the 30 FMCG’s surveyed by AC Nielson, some had 20 or more look-alikes
Common Pass off / look–alike Products

• Sunsilk
• Clinic Plus
• Colgate
• Vicks Vaporub
• Fair & Lovely
• Sun light

• Sunslik
• Climic Plus
• Golcate
• Vips Rub
• Fare & Loly
• Sun tight
Food Adulteration in India

- Food adulteration is common both in rural as well as urban areas. According to studies the percentage of adulterated food varies from 30-35.
- 25-30 percent edibles sold in the market are intentionally adulterated.
- It is estimated that 90 percent of vanaspati sold in the market violates the specifications of Prevention of Food adulteration Act.
- We continue to use 67 pesticides that are banned in one or more countries.
# National Survey on Adulteration of Milk – An Overview

<table>
<thead>
<tr>
<th>% of Sample Found Adulterated</th>
<th>States and UT</th>
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<tbody>
<tr>
<td>Below 20</td>
<td>Goa, Tamil Nadu, Andhra Pradesh, Puducherry,</td>
</tr>
<tr>
<td>20-40</td>
<td>Karnataka, Kerela</td>
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<tr>
<td>40-60</td>
<td>Assam, Madhya Pradesh, Dadra &amp; Nagar Haveli, Himachal Pradesh, Chandigarh</td>
</tr>
<tr>
<td>60-80</td>
<td>Arunachal Pradesh, Delhi, Haryana, Maharashtra, Rajasthan</td>
</tr>
<tr>
<td>80-100</td>
<td>Bihar, Chhattisgarh, Daman &amp; Diu, Gujarat, J &amp; K, Jharkhand, Manipur, Meghalaya, Mizoram, Nagaland, Orissa, Punjab, Sikkim, Tripura, Uttarakhand, U.P., W.B.</td>
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</tbody>
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Source: *Food Safety and Standard Authority of India (FSSAI, 2011)*
Duplicate Products
LESS WRINKLES IN ONLY MINUTES

TRY IT TODAY!

BEFORE

AFTER
Fair and Lovely Advertisement

• GOREPAN SE KAHIN ZYADA SAAF GOORAPAN
REAL FOOD
that is nutritious and
good for babies' health
and growth

Baby Food

Good for
Health

WORLD'S LONGEST
WRITING PEN

Flair

Writo-meter PEN

Enjoy
the relaxation

Available at all Leading Stationery & Gift Stores
So Is the Consumer Safe in the Market?
Important to Protect Consumers Interest Against 3D’s

• Defects in Goods

• Deficiency in Services, and

• Deception in Trade Practices
Genesis of Consumer Protection

• The need for consumer protection was recognized by law makers in India since ancient times.
  • Manu Smriti
  • Arthshastra

Later on;

• During the Mughals
• British enacted a number of legislations to protect consumers
Genesis of Consumer Protection


“Consumers, by definition, includes us all. They are the largest economic group in the economy, affecting and affected by almost every public and private economic decision. But they are the only important group whose views are often not heard.”
Consumer Rights

• John F. Kennedy’s Message to Congress on March 15, 1962 (International Consumer Rights Day) Included Four basic rights:

  – Right to safety
  – Right to be informed
  – Right to choose
  – Right to be heard
Consumer Rights

• 1982 Consumer International’s Charter of Consumer Rights Included Eight rights:
  
  • Right to basic needs
    
    *(Food, clothing, shelter, health care, education, water and sanitation)*
  
  • Right to safety
  
  • Right to information
  
  • Right to choice
Consumer Rights (contd)

- Right to be heard
- Right to redress
- Right to education
- Right to healthy environment

- Rights further re-enforced by adoption of UN Guidelines on Consumer Protection in 1985, 1999 and 2015
Key Issues For Public Policy On Consumer Welfare

- Economic Efficiency
- Encouraging Competition
- Innovation
- Consumer Education
- Consumer Complaint Redressal Mechanism
- Consumer and Producer Freedom
- Curb ing Potential Harm
Need Public Policies to:

- Monitor adverse practices like food adulteration, false / misleading claims in marketing and service frauds.
- Control restrictive / abusive business practices harming consumers.
- Producers & Sellers are responsible to ensure goods/services are reasonably durable and reliable.
- Encourage fair competition to provide consumers greatest range of choice at lowest cost.
- Ensure manufacturers/sellers provide adequately available reliable after-sales service and spare parts.
KEY ELEMENTS OF AN EFFECTIVE CONSUMER PROTECTION REGIME

- Well designed regulations governing supplier behaviour
- Consumer access to information about rights and responsibilities (risks in the market)
- Ability to make well informed decisions based on comparable price and quality of service information.
- Access to effective complaints handling processes, including redress.
- Protection of personal data/privacy; and
- Active monitoring and enforcement
Obligations of Consumers

• Obtain full information regarding quality and price before making any purchases.

• Be careful about false and / or misleading claims.

• Purchase goods having quality marks like ISI / Agmark etc, as and where available, for safety and quality.

• Obtain proper receipt / cash memo for purchases made and guarantee / warranty card duly stamped and signed by the seller, wherever applicable.

• Approach Consumer Forum for redressal of grievance against sale of defective goods or deficient services.

• Bargain on MRP.
Main Areas of Concern

• Public awareness on consumer rights
• Consumer behaviour
• Influence of advertisements
• e commerce
• Violation of consumer rights in different sectors
• Lack of channels of information relating to consumer protection
• Poor Consumer Complaints and Redressal Mechanism
Let's Celebrate

• 24th December: National Consumers Rights Day

• 15th March International Consumer Rights Day
THANK YOU

JAGO
GRAHAK
JAGO