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Special Issue

## Consumer Awareness

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Avinash K Srivastava

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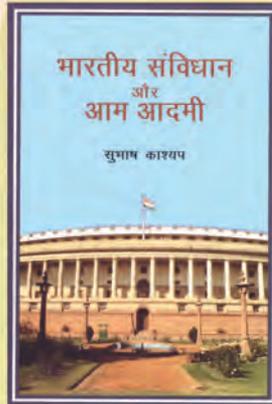
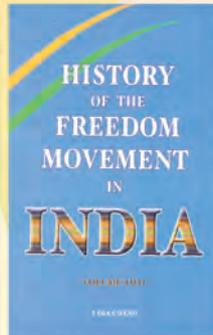


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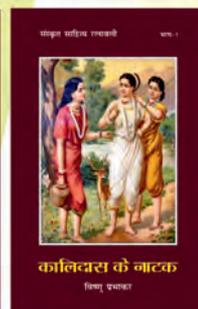
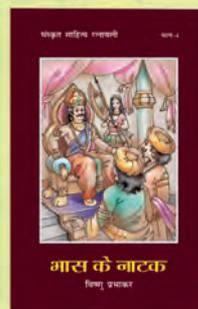
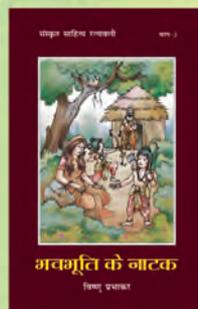
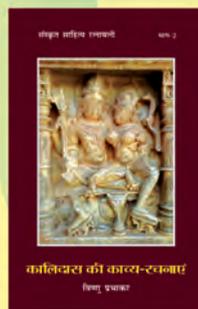
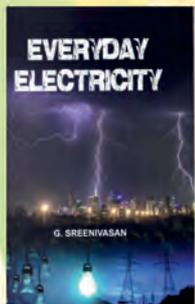
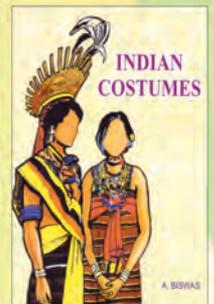
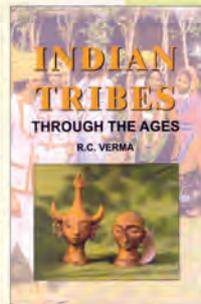
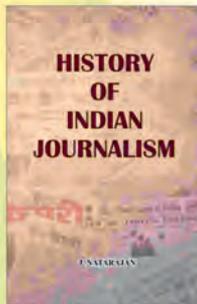
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## CONSUMER IS KING

**W**hen one buys a product the first thing one checks is the price tag. Is it within my budget- is the only query one asks oneself most often. Very rarely do we bother to check other things like durability, expiry date etc. This is where consumer awareness begins. There are various ways in which the consumer gets exploited by the trader giving incomplete or wrong information, by weighing less, by charging more or by giving low quality goods. These unfair practices may harm the customer not just monetarily but also by causing health hazards or mental stress.

In this age of high competition and globalization, every manufacturer is trying to maximize profits and in the process, is resorting to such aggressive and misleading advertising and marketing practices forgetting the interests of consumers. It is therefore extremely important for the consumer to be well informed about the goods or service he/she is purchasing /availing of and protect their own interests. Being fully aware of their rights as a consumer, checking the MRP of products, reading the fine print in lengthy legal documents before signing and taking all precautionary measures while making big purchases like property etc, are very crucial. For consumer durables like food items, groceries, etc, it even more important to check the manufacturing date, expiry date, contents list etc. before buying the products, as otherwise, there is risk of food poisoning, at the very least.

Consumer awareness on services offered is a bit more complex. The concept of consumer rights on services is something most people are not even aware of. Do you know that hospitals often get patient/attendants to sign blank forms or forms where the language is not comprehensible for the common man. The patient or attendant is in such a state of anxiety that he/she signs wherever they are asked to without understanding the implication of what they are signing. And, later when the customer threatens legal action, these forms are flourished as evidence of consent from the patient/attendant. The same is the case with builders, financial companies offering loans, etc. The language is often couched in such a way that the person availing of the loan or the buyer of the house does not know what he/she is signing and is befooled by the other party.

This is where consumer rights and consumer protection comes in. Consumer protection is not a new concept. It was embedded in our ancient texts as pointed out by our Prime Minister in his speech at the recently held international conference on consumer protection in New Delhi. He had mentioned that in India around 2500 years ago, during the period of Kautilya, there were guidelines for the government regarding how trade should be regulated and the interest of the consumers be protected.

The consumer protection movement in modern India began with the Consumer Protection Act of 1986 which built in many clauses for the protection of the consumer for both purchase of goods and availing of services. The Act is since sought to be amended by the government through the Consumer Protection Bill which is all set to be taken up in the winter session of Parliament.

The government has also introduced various standards and measurements for checking of goods and services like the ISI mark, Hallmark for jewellery, Silkmark for silk products and the recent RERA which is a landmark regulatory measure of the government for safeguarding the consumer from malpractices in the real estate sector. Other measures of the government like the DBT, Ujjawala etc. are also intended to protect the common man from becoming victim of frauds as a beneficiary of government schemes.

It is also equally necessary for the consumer of goods/services to be aware of the mechanisms available for redressal in case of grievances. Consumer redressal has also been built into the Consumer Protection Act. There are various fora like the lok adalats, district consumer forum, state consumer forum and the National Consumer Disputes Redressal Authority where aggrieved consumers can apply for redressal of grievances.

While the government has been initiating various schemes and programmes for protection of the consumer, it is necessary that the consumer takes the onus to make use of all the protection mechanisms and asserts some self care in buying goods/availing of services. It is only by exercising their rights that the consumer can be in the driving seat. Consumer Protection, like charity, also begins at home.





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# Consumer Protection: Sine Qua Non for Good Governance

*Avinash K Srivastava*



*An effective, efficient and fair implementation of the Consumer Protection Act is sine qua non for promoting the culture of good governance and thereby ensuring the better promotion and protection of the rights of the consumers. If the rights of the consumers in relation to the quality of goods and services are assured and taken care of then there will be no cause for complaints. This situation would certainly create an atmosphere wherein the clients, customers and consumers would feel satisfied with the things needed most to them*

The Constitution prescribes certain Directive Principles of State Policy, which though not justiciable, are 'fundamental in governance of the country and it is the duty of the State to strive to promote the welfare of people by securing and protecting as effectively a social order in which justice—social, economic and political—shall form the basis in all institutions of national life". The concern in the Indian Constitution for protection and promotion of an individual's rights, and for the dignity and welfare of the citizen makes it imperative to provide for the welfare of the individual as a consumer, a client and a customer.

The concern of consumer protection is to ensure fair trade practices; quality of goods and efficient services with information to the consumer with regard to quality, quantity, potency, composition and price for their choice of purchase.

One of the most important milestones in the area of consumer protection/consumer movement in India has been the enactment of the Consumer Protection Act, 1986. It is one of the most progressive and comprehensive pieces of umbrella legislation covering all goods and services. Unlike other laws, which are basically punitive or preventive in nature, the provisions of the Act are also compensatory.

Under section 6 of the Consumer Protection Act, there has been an effort to empower consumers by giving them six basic rights. These consumer rights are as follows.

- 1) Right to Safety: Consumers are authorized to protect themselves against the marketing of services and goods which are hazardous for life and property. If the particular service or goods is hazardous and dangerous to the life and property, consumers must be informed and instructed clearly about the mode for use of service and goods.
- 2) Right to Information: Consumers have every right to be informed about the quality, quantity, potency, purity, standard and price of service or goods, with a view to protect the consumers against unfair trade practices. Adequate information should be provided to consumers so that they may choose exactly what fits in their budget, life-style and fashion.
- 3) Right to Choose: Consumers are authorized to get access to variety of services and goods at competitive prices. Moreover, fair competition must be promoted so as to provide the widest range of services or goods at the lowest and competitive price to the consumers.
- 4) Right to be Heard: This right is the crux of the Consumer Protection

The author is Secretary, Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution. He has held important assignments in the State Government of U.P. as well as in Government of India.

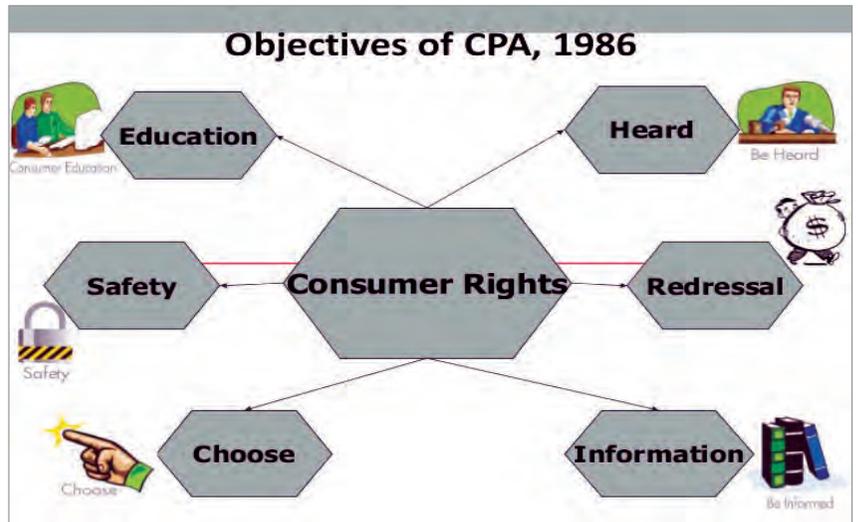
Act, because under this right, consumers are assured that if something goes wrong with the consumers, their interest will receive due care in the appropriate Consumer Forum.

5) Right to Redressal: If a consumer has suffered loss or injury due to unfair trade practice or restrictive trade practice and allegations made in the complaint have been proved, the appropriate Forum, where complaint has been made, will indemnify and compensate the consumer.

6) Right to Education: This right informs the consumer about the practice prevalent in the market and what remedies can be availed of against them. For spreading this education, media, or school curriculum and cultural activities may be exercised as medium.

The Act provides for an exclusive three tier redressal machinery as an alternative to the civil court and other legal remedies available in the country, wherein an aggrieved consumer can seek redressal against any defect in the goods purchased or deficiencies in services availed, including restrictive/unfair trade practices adopted by such manufacturer and trader of goods/service provider. The Act is intended to provide simple, speedy and inexpensive redressal to the consumers' grievances. It also provides relief of a specific nature and awards compensation, wherever appropriate, to the consumer.

A free market economy can only function effectively with the support of an educated consumer. Consumer Education is a way to balance the power between producers and consumers. Education helps a consumer in making cogent choices and protects him from trade and business-related abuses. To create an increased level of awareness of consumer rights, consumers have to be educated about rights and responsibilities through concerted publicity and awareness campaigns, with special emphasis given to vulnerable groups such as



women and children, students, farmers and rural families and the working class.

India being a large country of 1.25 Billion population, with majority living in rural areas, Government has been conducting a countrywide multimedia awareness campaign educating consumers on various issues related to consumer rights and responsibilities across diverse subjects. **“Jago Grahak Jago** has today become a household maxim.

More recently, joint publicity campaigns have been launched in partnership with the related Government Departments/ Organizations that serve with a mass consumer clientele. For instance, on food, with the Food Safety & Standard Standards Authority of India (FSSAI); on financial services with the Reserve Bank of India (RBI); and on medicines with the National Pharmaceutical Pricing Authority



(NPPA) through various electronic and print media such as Television, Radio, Newspapers and outdoor advertising. The consumer awareness campaign is implemented through the Directorate of Audio and visual Publicity (DAMP). In order to create awareness among the people living in rural and backward areas, the Government has decided to take part in important fairs/festivals of various states/UTs, in view of the fact that such fairs/festivals draw a large number of people from rural and backward areas.

All of us are consumers. The consumer today is changing very rapidly. Ever since the mid-twentieth century consumers have faced major changes in their lifestyles and consumption habits due to different cultural, social, economic and technical influences and factors. The increasing mobility of populations, production of new items and services, new purchasing methods and information availability modify perceptions and alter loyalties.

But due to the immense amount of products and services available with variation in the quality of products and services, consumers may not always be able to make an effective choice that meets their personal needs. Moreover, commercial development promotes new artificial needs. Not all consumers will critically filter messages from industry and from the advertising sector. Consumers need to develop an



awareness of the difference between real and perceived needs and they need the skills to be selective to truly obtain products and services which match their needs. In addition, rapid changes and potential risks in consumption make it essential for the consumer to consider the consequences of their consumption.

Business should see improved consumer education not as a threat but as a source of commercial benefit. Consumers make better choices and because of their higher expectations, there is a positive effect on competitiveness as companies improve their products and services.

Although implementation of the Consumer Protection Act can be viewed as a success, there are still serious shortfalls in achieving the desired level of consumer welfare because of various factors such as deficiencies in quality infrastructure, regulatory deficit in many products and services which impact health, safety and environment and lack of mandatory standards for many products.

There is also indifference among many businesses towards standardization in general, and lack of awareness among them about the impact of standards on quality, competitiveness, and profitability. There is absence of consumer demand for quality goods and services primarily

because of lack of awareness among them. In short, there is absence of a quality culture in the country. If the quality of Indian products and their conformity with international standards is to be accomplished by Indian producers, the impulse must be generated from within the country.

Towards that end we have amended the BIS Act recently and a comprehensive amendment to the existing Consumer Protection Act, 1986, introducing a new Act is currently under consideration making the Act more effective, functional and purposeful. The Consumer Protection Act has been in operation for about 30 years. The Consumer Protection Bill, 2015 and the newly enacted Bureau of Indian Standards Act, 2016 are efforts to provide the basis for such upgradation.

The salient features of the Consumer Protection Bill include:

- (a) The establishment of an executive agency to be known as the Central Consumer Protection Authority (CCPA) to promote, protect and enforce the rights of consumers. The CCPA will be the executive agency that will make interventions when necessary to prevent consumer detriment arising from unfair trade practices and to initiate class action including enforcing recall, refund and return of products.

- (b) provisions for “product liability” action for or on account of personal injury, death, or property damage caused by or resulting from any product with basis for product liability action and the liability of a manufacturer to a claimant.
- (c) Provision for “mediation” as an alternate dispute resolution (ADR) mechanism which aims at giving legislative basis to resolution of consumer disputes through mediation, thus making the process less cumbersome, simple and quicker. This will be done under the aegis of the consumer fora.
- (d) Several provisions aimed at simplifying the consumer dispute adjudication process in the consumer fora are envisaged. These include, among others, enhancing the pecuniary jurisdiction of the consumer disputes redressal agencies, increasing minimum number of members in the consumer fora to facilitate quick disposal of complaints, power to review their own orders by the state and district commission, constitution of ‘circuit bench’ to facilitate quicker disposal of complaints, reforming the process for the appointment of the president and members of the district fora, enabling provisions for consumers to file complaints electronically and file complaints in consumer fora that have jurisdiction over the place of residence of the complainant, and deemed admissibility of complaints if the question of admissibility is not decided within the specified period of 21 days.

Today, all industrialized countries have a government organization responsible for monitoring measurement accuracy, demonstrating the importance societies place on the integrity of measurement to a nation’s economic health and prosperity. India is no exception. The Government of India has ensured fair measure in the marketplace since the ancient times. With a view to provide a coherent scheme and uniform

standards of Weights & Measures, the first Act namely Standards of Weight & Measurement Act 1956 was enacted based on metric system and international system of units recognized by International Organization of Legal Metrology.

In view of rapid advancement of science and technology and globalization of economies, there has been vast improvement in weighing and measuring techniques and has extended the scope of weights & measures. With the view to establish the standards of Weights & Measures, regulate trade and commerce in Weights & Measures and other goods which are sold or distributed by weight, measure or number and for matter connected therewith or incidental thereto, the Legal Metrology Act, 2009 was enforced on 1-4-2011. The Legal Metrology Act, 2009 (Act 1 of 2010) repeals and replaces the Standard of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Enforcement) Act, 1985.

The responsibility in relation to legal metrology is shared between the Centre and the States. Matters of national policy and other related functions such as, uniform laws on weights and measures, technical regulations, training, precision laboratory facilities and implementation of the International Recommendation are the concern of the Central Government. The State Governments and Union Territory Administration are responsible for the day to day enforcement of the laws.

Legal standards of weights and measures of the States and Union Territories are calibrated in the seven Regional Reference Standard Laboratories (RRSL) located at Ahmedabad, Bhubaneswar, Bangalore, Faridabad, Guwahati, Nagpur and Varanasi. These laboratories also provide calibration services to the industries in their respective regions. They are among the recognised laboratories for conducting the model approval tests on weights and measuring instruments.

To provide consumers with an alternate channel to resolve their complaints, Government of India has set up a National Consumer Helpline (NCH), with a toll-free number 1800-11-4000 or 14404, which provides advice, information and guidance to empower consumers and persuades businesses to reorient their policy and management systems to address consumer concerns and grievances adopting global standards. The NCH has partnered with more than 325 major companies to whom complaints are transferred online for resolution and getting feedback from them.

**INGRAM:** An Integrated Grievance Redress Mechanism (INGRAM) portal was launched for bringing all stakeholders such as consumers, Central and State Government Agencies, private companies, regulators, Ombudsmen and call centers etc. on to a single platform. The portal helps in creating awareness among consumers to protect their rights and inform them of their responsibilities. Consumers can register their grievances online through this portal.

The National Consumer Helpline is accessible now through this portal. As value added services, a mobile application and easy to remember five-digit short code 14404 has been launched for consumers from across the country to access National Consumer Helpline.

**State Consumer Helplines:** State Consumer Helplines have been set up by State (provincial) Governments with the objective to encourage Alternate Consumer Disputes Redressal mechanism at State level and help in resolving cases through mediation.

**Smart Consumer Application:** The Government has



launched a mobile application “Smart Consumer” to enable the consumer to scan the bar code of the product and get all details of the product such as name of the product, details of manufacturer, year and month of manufacture, net content and consumer care details for making a complaint in case of any defect.

**GAMA:** In its endeavor to address the problem of misleading advertisements, the Government has launched a portal called “Grievances Against Misleading Advertisements (GAMA)”. for registering complaints online. A Consumer can register a complaint along with a copy / video / audio of such advertisement through the web portal.

**Online Dispute Resolution:** An Online Consumer Mediation Centre, established at the National Law School of India University, Bengaluru under the aegis of Ministry Of Consumer Affairs, Government of India aims to provide for a state-of-the-art infrastructure for resolving consumer disputes both through physical as well as online mediation through its platform. The center will provide innovative technology for consumers and organisations to manage and resolve conflicts and to propel online mediation as a first choice to resolving consumer disputes. This is an innovative tool



**National Consumer Helpline No. 1800-11-4000 (Toll Free)**

**SMS your name & city to 8130009809 from your mobile**

**You can also log in your complaints at [www.nationalconsumerhelpline.in](http://www.nationalconsumerhelpline.in) and [www.core.nic.in](http://www.core.nic.in) (Toll Free No. 1800-180-4566)**

Issued in Public Interest by:  
 **Ministry of Consumer Affairs, Food and Public Distribution**  
 Department of Consumer Affairs, Government of India  
 Krishi Bhawan, New Delhi-110001 Website: [www.fcamin.nic.in](http://www.fcamin.nic.in)

that affords consumers better access to justice through quick and easy redressal mechanism and at the same time provide opportunity for businesses to maintain good customer relations.

**Online Consumer Communities:** In association with the Local Circles, a social media platform, the Government has launched a platform 'Online Consumer Communities' for citizens to discuss and opine about governance and daily life issues. Through this, a citizen can get connected with their Government, City, Causes, Neighbourhood, Interest, needs and any other communities they are a part of.

**Campaign on Internet Safety:** India has currently one of the largest number of internet users. With the rapid increase in digitisation across all spheres, the message of internet safety needs to be integrated into the everyday tasks that the consumer undertakes online. Government in association with a Partner Company has initiated a year-long campaign organizing 'Digital Literacy, Safety and Security' workshops to educate users about the challenges of internet safety and security.

In India, various Acts intended *inter-alia* to protect the consumers against different forms of exploitation has been in force, such as, the Indian Penal Code, 1860; Indian Contract Act, 1872; Drugs Control Act, 1950; Industries (Development and Regulation) Act, 1951; Indian Standards Institution (Certification Marks) Act, 1952; Drug and Magic Remedies (Objectional Advertisement) Acts, 1954; Food Standards and Safety

Act, Essential Commodities Act, 1955; Trade and Merchandise Marks Act, 1958; Hire Purchase Act, 1972; Cigarettes (Regulation of Production, Supply and Distribution) Act, 1975; Prevention of Black-Marketing and Maintenance of Supplies of Essential Commodities Act, 1980; Essential Commodities (Special Provisions) Act, 1981; Legal Metrology Act 2009, and Narcotic Drugs and Psychotropic Substances Act, 1985. Some significant enactments of pre-independence time which also assure consumer protection are the Sale of Goods Act, 1930; Agriculture Produce (Grading and Marketing) Act, 1837 and Drugs and Cosmetics Act, 1940.

Standards are the essential element for quality, that has a key role in consumer protection. For this, government has established full quality infrastructure embracing standardization, promoting Standard development, Standard information, Metrology, Quality assurance/conformity assessment, Product certification, Regulation and enforcement and Accreditation.

An effective, efficient and fair implementation of the Consumer Protection Act is *sine qua non* for promoting the culture of good governance and thereby ensuring the better promotion and protection of the rights of the consumers. If the rights of the consumers in relation to the quality of goods and services are assured and taken care of then there will be no cause for complaints. This situation would certainly create an atmosphere wherein the clients, customers and consumers would feel satisfied with the things needed most to them.

Consumer protection is also linked to Competition Policy as both intend ultimately to promote consumer welfare. At the root of both consumer protection and competition policy is the recognition of an unequal relationship between consumers and producers. While protection of consumers is accomplished by setting minimum quality specifications and safety standards for both goods and services and providing instruments to redress their grievances, Competition Policy ensures that there are sufficient numbers of producers so that no producer can attain a position of dominance.

The concerns of good governance are directly linked to Consumer Protection law and institutions. The thrusts of good governance are focussed on efficiency, effectiveness, ethics, equality, economy, transparency, accountability, empowerment, rationality, impartiality and participation. These requirements of good governance co-relate with the concerns of the Consumer Protection law and policies. Therefore, the proper and effective implementation of the laws, dealing with the protection of the Consumers' rights would promote the cause and concern of good governance.

Consumer Protection movement to be effective and meaningful needs the proactive support of the government, business, organisations of Civil Society, Educational Institutions – Schools, Colleges, Universities and Research Institutions. Over and above, the support of every individual is a *sine qua non* for the Consumer movement to be purposeful. The policies, schemes and programmes of the Government of India through the Department of Consumer Affairs are no doubt useful but their effectiveness finally depend on the involvement of the institutions and the people at large. The need of the hour is for total commitment to the consumer cause and social responsiveness to consumer needs. This should, however, proceed in a harmonious manner so that our society becomes a better place for all of us to live in. □

(E-mail: [secy-ca\[at\]nic\[dot\]in](mailto:secy-ca[at]nic[dot]in))

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TIME- 9:30- 12:00 NOON

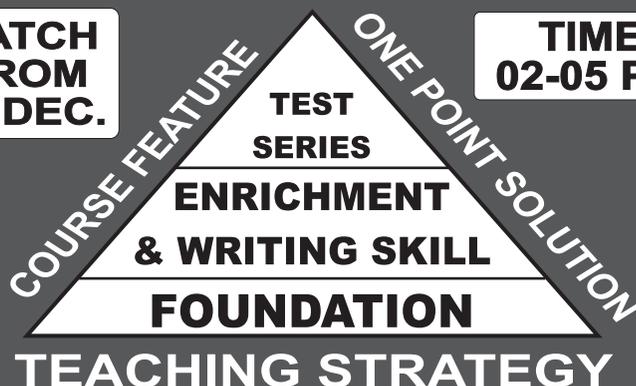
MUKH. NAGAR  
FROM 18 DEC.

## PUBLIC ADMN.

BY S. ANSARI

BATCH  
FROM  
05 DEC.

TIME  
02-05 PM



FIRST FOR 4 YEARS  
HIGHEST MARKS  
IN PUBLIC ADMN.

NAME	RANK	MARKS	YEARS
ABHILASH MISHRA	05	334	16
ASHWINI PANDEY	34	267	15
TUSHAR SINGLA	86	287	14
UDITA SINGH	46	231	13

PA TEST SERIES 2018  
FROM : 16 DEC.

ETHICS CASE STUDY  
FROM : 20 DEC. (7 CLASSES/15 DAYS)

## GS PAPER IV ETHICS

BY S ANSARI (08 JAN., TIME : 9:30 AM & 50 DAYS)

CRACK PRELIMS BATCH COMMENCES FROM 12 DECEMBER

## GS PRE-CUM-MAINS TEST SERIES

10 DEC. & TOTAL TESTS - 60 (DURATION : PRE-TO-MAINS -2018)

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YE-729/2/2017

# Consumer Protection in India: Genesis and Recent Developments

D P S Verma

## CONSUMER PROTECTION ACT, 1986



*...there is still a long road ahead to ensure effective consumer justice. It is hoped that the new Consumer Protection Bill of 2015, likely to be passed by Parliament, soon shall overcome the shortcomings of the existing law and the consumer forums will act expeditiously to end the heavy backlog of cases pending before them, so as to give a boost to the consumer movement in India*

Consumer protection owes its origin to the USA. In the early 1960's, when consumers were unhappy with business firms because of their unfair business practices, Ralph Nader, a young advocate, championed the cause of consumers against the manufacturers and traders. President John F. Kennedy, on March 15, 1962, in a message to the U.S. Congress (Parliament), proclaimed that the consumer had four basic rights: (1) the right to safety; (2) the right to be informed; (3) the right to choose; and (4) the right to be heard. To commemorate President Kennedy's Consumer Bill of Rights, March 15 is celebrated every year as the World Consumer Rights Day. On April 16, 1985, the UN General Assembly adopted a set of guidelines for consumer protection and the Secretary-General of the UN was requested to persuade member countries to adopt these guidelines through policy changes or law in order to promote consumer protection. Consumer protection laws have since been enacted in almost all countries of the world. Many countries, particularly the USA, UK, France, Germany, Sweden and Norway, have a strong consumer movement, supported by relevant legislative measures.

In India, the legal provisions for the prevention and control of unfair business practices and for the promotion

and protection of consumer's interest have been in existence for a long time. Despite more than a dozen such legislations which were in force (see Table 1), consumer's interest were not adequately protected. These enactments sought to protect the consumer, interest in piecemeal. The titles of the legislations briefly indicate the nature and scope. For example, the Drugs and Cosmetics Act is intended to ensure the quality of drugs and cosmetics manufactured, imported, distributed or sold in India. There was no sample, unified agency to redress consumers' multifarious grievances, pertaining to the supply of defective goods, provision of deficient services, restrictive and unfair trade practices, charging of excessive prices, and offering of hazardous goods and services. Moreover, the legislative provisions were not effectively enforced. Furthermore, in case of most of the legislations, consumers themselves did not enjoy the right to seek redress of their grievances.

### Consumer Protection Act, 1986

The most significant milestone in the history of the consumers movement in India was the passing of the Consumer Protection Act (CPA), on December 24, 1986. It has since been amended thrice, in 1991, 1993 and 2002. The Act seeks to provide better protection of consumer's interest,

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through speedy and in-expensive redress of their grievances, through a three-tier adjudicative machinery, set up at the district, state, and the national levels.

### Consumer Rights

The six rights of the consumers, sought to be protected and promoted by the Consumer Protection Act, are:

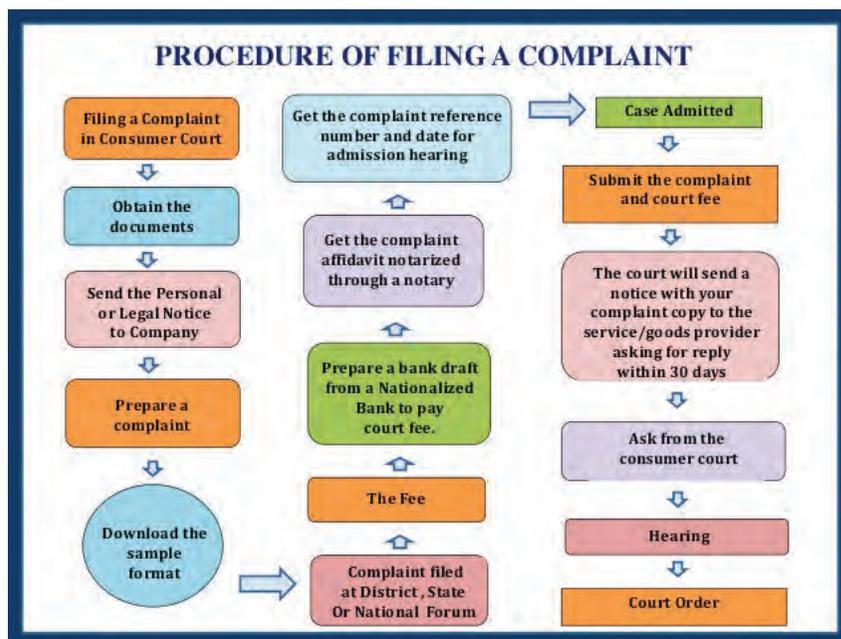
- The right to be protected against the marketing of hazardous goods and services;
- The right to be informed about the quality, quantity, potency, purity, standard, and price of goods and services, so as to protect the consumer against Unfair Trade Practices (UTPs);
- Availability of a variety of goods and services at competitive prices;
- The right to be heard at appropriate grievance-redress forums;
- The right to seek redress against unfair trade practices or Restrictive Trades Practices (RTPs) or exploitation in any other way; and
- The right to consumer education.

### Filing of Complaint

The process of redress of any consumer grievance starts with the filing of a complaint before the appropriate consumer forum, which hears the parties concerned, following the principles of natural justice, and passes appropriate order, to provide necessary relief to the aggrieved person. In case either of the two parties (the complainant and the opposite party) feels aggrieved with the order, it can file an appeal before the appropriate authority, whose order shall be final.

Who can file a complaint?

- Any consumer;
- Any consumers' association (which must be registered);
- The Central Government or any State Government;
- One or more consumers on behalf



- of numerous consumers having common interest ('class action'); and
- Legal heir or representative of the deceased consumer (in case of death due to medical negligence).

The term 'consumer' has been comprehensively defined in the Act. Any person buying a product or agreeing to buy a product, for personal or household consumption (and not for resale or commercial purpose), for consideration is referred to as a consumer. The term 'consumer' also includes a person who hires or avails of a service for non-commercial purpose and for a consideration.

### Grounds of Filing a Complaint

A person can file a complaint on any one of the following grounds:

- An Unfair Trade Practice (UTP) or Restrictive Trade Practice (RTP) adopted by any trader or service provider;
- Any defect in the goods sold;
- Any deficiency in the service provided;
- Charging of price in excess of the price fixed under law, displayed on the package, or on the price

list, or agreed between the buyer and the seller; and

- Offering of any hazardous goods or service.

The terms 'goods', 'service', 'defect in goods', 'deficiency in service', 'unfair trade practice' and 'restrictive trade practice', are given a very wide meaning. Thus, almost all sorts of consumer grievances are taken care of under the scheme of the CPA.

### Where to File a Complaint?

The forums where a complaint can be filed are:

- The District Forum concerned, if the claim (price of the product or the service and the compensation demanded) is up to Rs.20 lakhs;
- The State Commission concerned, if the claim exceeds Rs. 20 lakhs, but does not exceed Rs. one crore;
- The National Commission, if the claim exceeds Rs. one crore.

These forums are quasi-judicial bodies, consisting of judicial as well as non-judicial members and headed by a person from the legal background, often called consumer courts. They act like tribunals. They

are vested with the powers of a civil court, for purpose of hearing the cases and enforcing their own orders. They follow the ‘principles of natural justice’ while hearing the case and provide opportunity of hearing to both the parties. The forums are empowered to pass an ex-parte order and issue an interim injection (‘stay order’), where considered necessary.

### Procedure of Filing a Complaint

The procedure of filling a complaint is simple. A written complaint can be filed by the complainant or any person authorised by him, along with the supporting documents (case memo, warranty card, etc.), if any. There is no need of engaging any advocate. In order to deter frivolous and vexatious complaints, a small fee, proportionate to the compensation claimed, is to be paid along with the complaint. The relief sought by the complainant is to be specified in the complaint.

### Relief Available to the Victim

After completion of the hearing, the consumer forum can issue one or more of the following directions:

1. Removal of defect from the goods sold and deficiency from the service provided;
2. Replacement of defective goods;
3. Refund of the price paid;
4. Payment of compensation for the loss or injury suffered by the consumer;
5. Payment of punitive damages, wherever appropriate;
6. ‘Cease and desist’ order against the UTP or RTP adopted by the trader;
7. Withdrawal of hazardous goods from sale;
8. ‘Cease and desist’ order against manufacturing/offering of hazardous goods/service;
9. Payment of compensation to unidentifiable persons;
10. Issue of corrective advertisement to neutralise the effect of a

Table 1	
Major Legislations for Consumer Protection in India*	
1.	The Consumer Protection Act, 1986
2.	The Food Safety and Standards Act, 2006
3.	The Bureau of Indian Standards Act, 1986
4.	The Drugs and Cosmetics Act, 1940
5.	The Drugs (Control) Act, 1950
6.	The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954
7.	The Essential Commodities Act, 1955
8.	The Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980
9.	The Agriculture Produce (Grading and Marking) Act, 1937
10.	The Standards of Weights and Measures Act, 1976
11.	The Standards of Weights and Measures (Packaged Commodities) Rules, 1977
12.	The Competition Act, 2002
13.	The Trade Marks Act, 1999 (w.e.f. September 2003)
14.	The Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003

\* Not in Chronological Order

misleading advertisement; and  
11. Payment of costs to either party.

Any person aggrieved from any order of the District Forum can prefer

an appeal before the State Commission, within 30 days of the passing of the order. An appeal against the order of the State Commission can be filed before the National Commission. In the case

## User Registration

---

**First Name\***

**Gender\***

**Contact No\***

**Email Id\***

**Country\***

**City**

**Address**

**Captcha \***  41835

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**Last Name**

**Age**

**Alternate No.**

**Password\***

**State\***

**Pin Code**

**AadhaarNo.**

of a complaint filed directly before the National Commission, the appeal can be filed before the Supreme Court, only on certain specific grounds.

### Other Developments

The major developments during the recent years, which can be said to be the

milestones in the history of consumer protection movement in India, are summarised in **Table 2**.

### New Act in the Offing

The proposed enactment to replace the present Consumer Protection Act(1986), merits a special mention.

In order to remove the bottlenecks and shortcomings and to enlarge the ambit and scope of the 1986 Act, a fresh bill, namely the Consumer Protection Bill, 2015, was introduced in the Lok Sabha on August 10, 2015. It is intended to repeal and replace the old act with a new one. The Bill was

<b>Table 2</b>	
<b>Major Development in Consumer Protection in India</b>	
1.	Statutory measures for effective protection and promotion of consumer interest (Passing of the Consumer Protection Act, 1986)
2.	Strengthening of statutory measures for standardisation and quality control of goods (Passing of the Bureau of Indian Standards Act, 1986, which repealed and replaced the Indian Standards Institution Act, 1951)
3.	Conferring on consumers the statutory right of hearing under certain allied legislations (December, 1986)
4.	Setting up of the Department of Consumer Affairs, in the Central Government (June, 1991)
5.	Setting up of the Consumer Welfare Fund, 1992, for supporting various consumer welfare schemes
6.	Strengthening the consumer protection legislation, by enlarging its scope and enhancing the consumer courts' powers (June 1993)
7.	National Commission's pronouncement upholding the consumer's right to seek redressal before consumer courts for any negligence or deficiency in medical services (April, 1992), later affirmed by the Supreme Court (November 13, 1995), bringing the medical services under the fold of the CPA
8.	Further strengthening of the CPA, through wide-ranging amendments (December 2002, with effect from March 15, 2003)
9.	Establishment of the Competition Commission of India (CCI) to prevent anti-competitive business practices, to promote competition and protect consumer interests (Passing of the Competition Act, 2002, w.e.f. March 31, 2003)
10.	Prohibition of advertising of cigarettes and other tobacco products and ban on the sale of tobacco products to minors [Passing of the Cigarettes and Other Tobacco Products (Prohibition of Advertising and Regulation of Production, Supply and Distribution) Act, 2003]
11.	Setting up of the Food Safety and Standards Authority of India (FSSAI) for laying down science-based standards of food articles [Passing of the Food Safety and Standards Act, 2006, effective from August 5, 2011)
12.	Proposal to establish Central Consumer Protection Authority, to promote, protect, and enforce the consumers' rights and to provide for product liability, and 'mediation' (Introduction of the Consumer Protection Bill, 2015, in the Lok Sabha, on August 10, 2015). After its passage by both the Houses of Parliament (hopefully in the Winter Session in November-December, 2017), it is expected to be the new Consumer Protection Law.
13.	Some Other Developments:
a.	Setting up of Product Testing and Rating Laboratory at Ahmedabad by CERC and publication of its comparative product test reports;
b.	Setting up of numerous voluntary consumer organisations;
c.	Setting up of consumer grievance cells in industry and trade;
d.	Growing media interest in consumer affairs;
e.	Increased Government effort to create consumer awareness; and
f.	Accumulation of rich case law on the subject.

*(All during the last three decades);*

referred to the Parliamentary Standing Committee of the Ministry of Food, Consumer Affairs and Public Distribution, which recommended certain amendments to the Bill. The amended Bill is to be introduced in the Lok Sabha in its Winter Session in November-December 2017, and after it is passed by the Lok Sabha, it will go to the Rajya Sabha for its consideration, before it is assented to by the President of India.

The major highlights of the new Consumer Protection Bill are:

1. Setting up of an executive agency, to be known as the Central Consumer Protection Agency, to promote, protect and enforce the consumer rights, to make interventions when considered necessary to prevent consumer detriment from unfair trade practices, and to initiate 'class action', including enforcing, recall, refund or return of products. Currently, the task of prevention of or acting against such practice is not vested in any authority;
2. Penalising of **celebrity endorsements** for false and misleading ads;
3. Declaring of **unfair terms of a contract** as null and void;
4. Setting up of **mediation centres** in consumer courts, as an alternate dispute resolution mechanism; and
5. Enforcing of **product liability** against the manufacturers.

### Conclusion

Many significant developments have taken place in the field of consumer protection, since 1986, when the Consumer Protection Act was passed to regulate unfair and exploitative business practices. The CPA has provided an effective organisational structure through the length and breadth of this vast country. The law of consumer protection has substantially developed as a result of successive reforms and a large number of decisions handed down by consumer forums and the Supreme Court of India. A large number of voluntary consumer organisations have also emerged. The traders and service-providers have started taking note of the consumer rights. However, there is still a long road ahead to ensure effective consumer justice. It is hoped that the new Consumer Protection Bill of 2015, likely to be passed by Parliament, soon, shall overcome the shortcomings of the existing law and the Consumer Forums will act expeditiously to clear the heavy backlog of cases, pending before them, so as to give a boost to the consumer protection movement in India. □

(E-mail: [dpsverma@hotmail.com](mailto:dpsverma@hotmail.com))

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YE-379/5/2017

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• Address for Communication : **Anandpur, Punjab, 143001**

• Contact No.(In Use): Parents Contact No.:  
• E-mail :  
• Father's name : **Larkjit Singh** Father's occupation : **Teaching**  
• Mother's name : **Tajpal Kaur** Mother's occupation : **Housewife**

• Particulars of Examinations Passed

Examinations	Year	Subject	Name of the School/College/Institution
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Graduation	2016		BITS Pilani, Shri Jagdish Rai Bahadur
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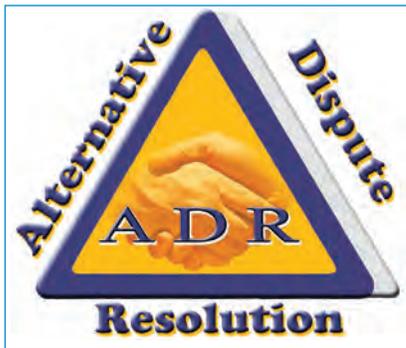
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YE-642/7/2017

# Justice Delivery for Low Income Consumers

*B C Gupta*



*It is high time, therefore, that the Administrative and Judicial Authorities/ Institutions entrusted with the task of consumer disputes redressal, should take stock of the situation, join hands and put into practice the ADR mechanism for achieving the objectives of speedy and inexpensive Consumer Disputes Resolution*

**T**he United Nations Guidelines for Consumer Protection (UNGCP) recently revised by the General Assembly have called upon the Member States to formulate consumer protection policies aimed at fair, affordable and speedy consumer dispute redressal. The adoption of these Guidelines has set into motion a process of introspection, to have a look at the existing methodology and to evolve ways and means to implement an alternative mechanism to provide access to a justice delivery system to consumers, having very low financial stakes, and situated in far-flung areas of the country.

The General Assembly first adopted the U.N. Guidelines for Consumer Protection (UNGCP) on 16.04.1985 through Resolution 39/248, which were later expanded by the Economic and Social Council through Resolution of 26/07/1999. It was provided, inter alia, in the said guidelines as follows:-

**“E. Measures enabling consumers to obtain redress**

32. Governments should establish or maintain legal and/or administrative measures to enable consumers or, as appropriate, relevant organizations to obtain redress through formal

*or informal procedures that are expeditious, fair, inexpensive and accessible. Such procedures should take particular account of the needs of low-income consumers.”*

The fresh Guidelines recently adopted by the General Assembly through Resolution 70/186 of 22.12.2015, have provided as follows:-

**11. (f). Consumer complaints and disputes.** *Businesses should make available complaints-handling mechanisms that provide consumers with expeditious, fair, transparent, inexpensive, accessible, speedy and effective dispute resolution without unnecessary cost or burden. Businesses should consider subscribing to domestic and international standards pertaining to internal complaints handling, alternative dispute resolution services and customer satisfaction codes.*

**14.** *Member States should establish consumer protection policies that encourage:*

(g). *Fair, affordable and speedy dispute resolution and redress;.....*

**F. Dispute Resolution and Redress**

37. *Member States should encourage the development of fair,*

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litigation is dragged for a long time, thus, denying justice to the poor, hapless consumers. In the process, the consumers cannot afford to approach the consumer fora, considering the time, money and efforts involved in seeking consumer disputes redressal. A consumer complaint can be filed without assistance of an advocate also; however, the consumers feel totally lost, when confronted with legal professionals, representing the powerful business class. The reality remains that even after the Award is finalized after taking recourse to the entire traditional mechanism, proceedings have to be instituted afresh for the execution/ implementation of such Awards at the appropriate forum. In the overall scenario, it is apparent that most of the consumers do not knock at the doors of the consumer fora set-up as per the statutory mechanism. The figures of the pendency of the cases in the District Fora situated away from the major urban agglomerations of the country would reveal that very few cases (upto 100 or 200) are pending disposal in these fora, although huge public expenditure is involved in meeting the cost of their establishment alone.

The term Alternative Dispute Resolution (ADR) as referred in the revised United Nations Guidelines, basically involves settlement of disputes outside the court by adopting means like arbitration, conciliation, mediation, judicial settlement etc. The basic objective of the ADR is to ensure speedy, fair, transparent, disposal of disputes. In India, a well-defined statutory mechanism has already been laid down for the ADR in the shape of section 89 of the Code of Civil Procedure and the Legal Services Authorities Act, 1987.

**Section 89 of Civil Procedure Code, 1908**

In the Code of Civil Procedure 1908 (Act 5 of 1908) Section 89 was inserted by the amendment Act 46 of 1999, following the recommendations of the Malimath Committee. The

effective, transparent and impartial mechanisms to address consumer complaints through administrative, judicial and alternative dispute resolution, including for cross-border cases. Member States should establish or maintain legal and/or administrative measures to enable consumers or, as appropriate, relevant organizations to obtain redress through formal or informal procedures that are expeditious, fair, transparent, inexpensive and accessible. Such procedures should take particular account of the needs of vulnerable and disadvantaged consumers.”

The term “Consumer” has been defined as follows:-

3. For the purpose of these guidelines, the term “consumer” generally refers to a natural person, regardless of nationality, acting primarily for personal, family or household purposes, while recognizing that Member States may adopt differing definitions to address specific domestic needs.

The Consumer Protection Act, 1986 (Act No. 68 of 1986) was promulgated in India w.e.f. 15.04.1987, following the adoption of U.N.G.C.P. in the year 1985 by the General Assembly. It provides for a three-tier structure

for consumer disputes redressal in the shape of Consumer Fora/ Commissions at the District, State and National levels. While a judicial officer of the rank of a District Judge presides over the District Consumer Disputes Redressal Forum, a retired Judge of the High Court heads the State Commission established in each State and Union Territory in the country. The President of the National Commission is a retired Judge of the Hon’ble Supreme Court of India. These consumer fora/Commissions have done a fairly important job in disposing of over 90 per cent of the consumer complaints instituted with them from time to time. However, a cursory glance at the nature and number of cases pending before them indicates that the final disposal in many cases takes a long time, due to various factors like long drawn out traditional procedures, inadequate infrastructure, etc. In most cases, consumer complaints are instituted by advocates akin to civil litigation. Voluminous evidence/documents are called for involving huge expenditure and time required. The manufacturers/ suppliers of goods and the service providers, both in the public and private sector, have the resources and adequate means to ensure that



it is non-appealable and binding on the parties to the dispute. The proceedings before the Lok Adalats are deemed to be judicial proceedings and these adalats have been vested with necessary powers for obtaining evidence, discovery or production of documents and even the requisition of any public record or document.

From the above, it is clear that once a settlement is reached between the parties through Lok Adalat, there is finality to the adjudication. There is no need to file any execution proceedings for the implementation of the Award, or resort to appeal, review, revision etc. The desired objective of quick, speedy, inexpensive justice is adequately achieved. It has also been laid down that if the Lok Adalat fails to settle a dispute, the case goes back to the court of competent jurisdiction for disposal through traditional mechanism.

It has been provided in the Act that these Lok Adalats are to be organized under the aegis of the statutory Legal Services Authorities set-up at the National, State and District levels. There is a central authority called the National Legal Services Authority with a serving or retired judge of the Supreme Court of India as Executive Chairman and such other members as nominated. The State Legal Services Authority is headed by a serving or retired Judge of the High Court, with the Chief Justice of that High Court as its patron. The District Authority has the District and Sessions Judge as its Chairman and some other members. There is a provision to set-up legal services committees also at the level of the Supreme Court, the High Court and at the taluka level.

The legality and correctness of the mechanism provided under section 89 of the Civil Procedure Code, has been the subject of challenge before the Hon'ble Supreme Court of India in many writ petitions. In their judgments passed by the three-member Bench of the Apex Court on two different occasions, the use of section 89 has been held

provision made operational w.e.f. 01.07.2002 states as follows:-

**89. Settlement of disputes outside the Court.-**

(1) Where it appears to the court that there exist elements of a settlement which may be acceptable to the parties, the court shall formulate the terms of settlement and give them to the parties for their observations and after receiving the observations of the parties, the court may reformulate the terms of a possible settlement and refer the same for—

- (a) arbitration;
- (b) conciliation;
- (c) judicial settlement including settlement through Lok Adalat; or
- (d) mediation.

(2) Where a dispute has been referred—

- (a) for arbitration of conciliation, the provisions of the Arbitration and Conciliation Act, 1996 shall apply as if the proceedings for arbitration or conciliation were referred for settlement under the provisions of that Act;
- (b) to Lok Adalat, the court shall refer the same to the Lok Adalat in accordance with the provisions of sub-section (1) of section 20 of the Legal Services Authority Act, 1987 and all other provisions of that Act shall apply in respect of the dispute so referred to the Lok Adalat;

(c) for judicial settlement, the court shall refer the same to a suitable institution or person and such institution or person shall be deemed to be a Lok Adalat and all the provisions of the Legal Services Authority Act, 1987 shall apply as if the dispute were referred to a Lok Adalat under the provisions of that Act;

(d) for mediation, the court shall effect a compromise between the parties and shall follow such procedure as may be prescribed.”

**Legal Services Authorities Act, 1987 (Act No. 39 of 1987)**

Legal Services Authorities Act, 1987 made operational through notification in the year 1995, lays down that Lok Adalats (People's Courts) consisting of serving or retired Judicial Officers and other persons including social workers and representatives of women shall be organized from time to time. Cases pending before the courts or likely to be brought before a court may be referred by the court to the Lok Adalats which shall proceed to dispose of the same by attempting a compromise or settlement between the parties by following the principles of justice, equity, fair play. There is a provision to set-up permanent Lok Adalats to take care of various public utility services, indicated in the Act. The Award of the Lok Adalats as per section 21 of the Act is deemed to be a decree of the Civil Court and



to be mandatory. Such judgments were passed in “*Salem Advocates Bar Association vs. Union of India [(2003) 1 SCC 49]*” and then again in “*Salem Advocates Bar Association vs. Union of India [(2005) 6 SCC 344]*.” In their landmark judgment passed in “*Afcons Infrastructure Ltd. & Anr. Vs. Cherian Varkey Construction Co. (P) Ltd. & Ors. [2010 (8) SCC 24]*”, the Hon’ble Supreme Court held that “to consider recourse to ADR process is mandatory”, in the following types of cases:-

**“Cases normally suitable for ADR Processes:**

v. All **Consumer Disputes** including disputes where a trader supplier / manufacturer/service provider is keen to maintain his business/professional reputation and credibility or ‘product popularity’”

The Hon’ble Supreme Court recently passed a judgment on 30.08.2017 in “*Bijoy Sinha Roy (d) by LR. Vs. Biswanath Das & Ors.*” [Civil Appeal No. 4761-63/2009 decided on 30.08.2017], which was a case of medical negligence finalized after litigation of 23 years. The Hon’ble Supreme Court held as follows:-

“16. Before parting with this order, it is necessary to refer to another important aspect relating to administration of justice by the Consumer Fora. A person coming to a consumer Court with a grievance of deficiency in service needs immediate

relief. The very object of setting up Consumer Fora was to provide speedy remedy to a consumer. The Consumer Protection Act, 1986 (the Act) was brought about in the background of world wide movement for consumer protection. Framework of the Act is based on Resolution dated 9<sup>th</sup> April, 1985 of the General Assembly of the UN to which India was a signatory. The Act provided for protection of interests of consumers in the form of quick and speedy redressal of grievances. The provisions of the Act are in addition to and not in derogation of any other law. Thus, the Act provides for additional remedies. The authorities under the Act exercise quasi-judicial powers. The award of damages is aimed at bringing about qualitative change in the attitude of the service provider.

17. In the light of the above scheme and object of the Act, following issues have emerged during the hearing with regard to functioning of Consumer Fora :

- (i) Need to monitor speedy resolution of disputes;
- (ii) Need to avail of ADR mechanism which is now regarded as part of access to justice.

18. To achieve the object of providing speedy remedy to a consumer, steps can be taken under Section 24B of the Act. The National Commission has administrative control over all the State Commissions. Thus, the National Commission is competent

to introduce monitoring mechanism for speedy disposal. It is well known that matters are pending at different levels for sufficiently long periods which defeats the very object and purpose of the Act. We request the National Commission to consider this aspect and formulate an appropriate action plan. In this regard, we may refer to a recent decision in *Hussain versus State of U.P. [(2017) 5 SCC 702, para 22]* by which directions for action plans have been issued. The National Commission may also consider use of video conferencing facility for examining expert witnesses wherever necessary.

19. The other aspect relates to use of ADR. By Act 46 of 1999, Section 89 has been added to CPC laying down mechanism for settlement of disputes outside the Court. Even though strictly speaking, the said provision is applicable only to civil courts, there is no reason to exclude its applicability to Consumer Fora having regard to the object of the said provision and the object of the consumer protection law. Accordingly, we are of the view that the said provision ought to be duly invoked by the Consumer Fora. We request the National Commission to issue appropriate directions in this regard.

20. It will be open to the National Commission and the State Commission to coordinate with the National Legal Services Authority and the State Legal Services Authorities under the Legal Services Authority Act, 1987.”

**The Way Forward**

It is made out from the above that adequate statutory legal provisions do exist in India for Alternative Dispute Resolution (ADR) as envisaged under the revised U.N. Guidelines for meeting the objective of a fair, transparent, speedy, inexpensive consumer dispute redressal. There is a dire need to formulate an implementation plan for handling the consumer disputes through this mechanism. It is heartening to note that the composition of a District

Forum as laid down in the Consumer Protection Act, 1986 is almost similar to that of a Lok Adalat under the Legal Services Authorities Act. A District Consumer Forum is headed by a judicial officer and consists of two more Members, one of which is a lady member. The consumer forum as such, can be declared as a Lok Adalat by the National/State/District Legal services authorities in order to vest suitable authority on the forum to function as a Lok Adalat.

Following the presentations made on the system of Lok Adalats before them, the National Commission did issue instructions as early as August 2005 directing holding of Lok Adalats on the last working day of each week by the District Forum/State Commissions. It was also stated that one or two eminent persons from the public may be invited to participate in the proceedings and in their presence, the matters may be tried to be settled. There is a need to follow-up and constantly monitor the efforts made by the District Forum/State Commission following the issuance of these directions.

Similar presentations were made on the ADR Mechanism for settlement

of Labour Disputes through Lok Adalats at the International Training Centre of the International Labour Organisation (ILO) at Turin, Italy in July 2007. In a recently concluded Regional Conference on Consumer Protection, “Empowering Consumers in New Markets” held in New Delhi by the UNCTAD to take stock of the implementation of the revised guidelines, similar presentation on the use of ADR methods was made. It is high time, therefore, that the Administrative and Judicial Authorities/Institutions entrusted with the task of consumer disputes redressal, should take stock of the situation, join hands and put into practice the ADR mechanism for achieving the objectives of speedy and inexpensive Consumer Disputes Resolution. For the purpose, they should also involve prominent public men as well, as already envisaged under the statutory provisions laid down.

In this age of e-commerce and Digital World, the importance and necessity of using the ADR methods can hardly be over-emphasised. The Consumers International (C.I.), a global federation of about 250 consumer groups associated with the United

Nations, have declared the year 2018 as the year of E-Commerce. The theme for the year 2017 was ‘Better Digital World’.

In the United Kingdom, a new legislation called the Consumer Rights Act, 2015 has been promulgated with effect from 01.10.2015. It includes ‘Digital Content’ as the third major category in addition to ‘Goods’ and ‘Services’. It is high-time, therefore, that Online Dispute Resolution Methods (ODR) should be adopted to take care of speedy dispute resolution, especially in Cross-Border Disputes. A beginning has already been made by setting-up an Online Mediation Centre at the National Law School of India University, Bangalore.

It is imperative, therefore, that prompt steps are taken to establish the ADR/ODR mechanism in a big way so as to give a practical shape to the objectives envisaged in the United Nations Guidelines and in the process, to help consumers of all cross-sections of society and those located in all parts of the country, including remote and inaccessible regions. □

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### **The largest ever survey, National Achievement Survey (NAS) conducted successfully**

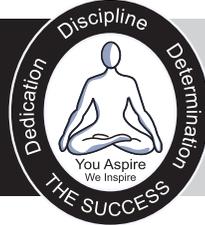
The National Achievement Survey (NAS) is the largest ever national assessment survey in the country and is amongst the largest in the world, was conducted throughout the country recently. The NAS is a transparent and credible exercise done under third party verification. It was conducted for the Classes 3, 5 and 8 in government and government aided schools. The survey tools used multiple test booklets with 45 questions in Classes III and V related to language, mathematics and 60 questions in Class VIII in Mathematics, Language, Sciences and Social Sciences. The competency based test questions developed reflected the Learning Outcomes developed by the NCERT which were recently incorporated in the Right to Education Act (RTE) by the Government of India. Along with the test items, questionnaires pertaining to students, teachers and schools were also used.

The learning levels of more than 25 lakhs students from 1,10,000 across 700 districts in all 36 States/UTs were assessed. More than 1.75 lakhs trained Field Investigators from outside the government education system were engaged to conduct the learning assessment in the country. To ensure the fairness of the survey, a monitoring team was constituted which consisted of observers from inter-ministerial departments drawn from the State Governments, National and State Observers from Education Departments and multi-lateral organizations. This monitoring team observed the implementation of the survey in all the districts, on the Day of Assessment.

The district wise learning report cards will be prepared based on a software especially designed for this. Subsequently, analytical reports will be prepared. The analysis will reflect the disaggregated and detailed learning levels. The whole process will begin immediately and will be completed within 3-5 months. The inferences will be used to design classroom interventions percolated to all the schools in the districts for implementation. The findings of the survey, will also help in understanding the efficiency of the education system. NAS results will help guide education policy, planning and implementation at national, state, district and classroom levels for improving learning levels of children and bringing about qualitative improvements.

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YE-379/4/2017

# Keeping Pace with Technological Dynamics

*Sitaram Dixit*



*Understanding consumer worries and expectations about the digital medium and striving to find ways to build trust, is by itself a big challenge for policy-makers. The most important point to note here is that, a consumer's voluntary participation alone will lead to a flourishing innovative digital technology regime, thereby making the next stage of digital development work better than ever before*

**O**ne complete year has now passed by when the Prime Minister announced the demonetisation of the then existing high denomination currency viz., Rs. 1000 and Rs. 500, genuinely visualising of making India, a cash less or less cash country. The note-ban drive decision of the Government, surely gave essential stimulus to consumers for adopting online financial payments. However the adoption rate of digital transactions soon plateaued out to previous levels, as cash became available.

Although it is a fact that people have again started transacting more in cash, the note ban has surely ensured that consumers also seriously consider digital payment systems like BHIM (Bharat Interface for Money), UPI (United Payment Interface), IMPS (Immediate Payments Transfer), other Banking Platforms, etc., that are all in place for considerate imminent adoption when in need.

Digital security and safety also include protecting consumers' payment details, financial assets, personal identity to prevent misuse and personal individual safety from frauds and personal well-being from the tax collecting authorities/system. One significant learning we gather from this is that, digital technology even

becoming default or pervasive need not necessarily relate to a consumers choice, satisfaction and trust. It could be true that consumers expect technology to deliver reliable, beneficial quality services but it does not mean that they have absolute faith or believe it to be in their best interest and/or can protect them from any impending harm.

## Consumer and Consumer Protection

All people have an inherent right to expect safe quality goods/services and expect fair treatment while finding solutions if things go wrong. We are all aware that this is possible, only when businesses deliver consistent quality goods/services and national consumer policy-makers take active steps, to implement effective consumer protection. In this respect, every country should have consumer

**CONSUMER:** *Is any individual purchasing or using goods or services, for personal, family or household purposes.*

**CONSUMER PROTECTION POLICIES:** *It comprises of the national laws and regulations, procedures, mechanisms and programmes, including industry sector standards and codes of practice.*

The author is Chairman – Consumer Guidance Society of India (CGSI). He has published over 130 papers, is member of the governing body of the Bureau of Indian Standards (BIS), Divisional and Sectional Committees concerned with the framing of 'Indian National Standards'.



protection policies providing adequate protection by not only encouraging ethical businesses, but also preventing abusive business practices, so that goods and services rendered are as per consumer needs.

Consumers expect policy guidelines formulated recognise the country's unique cultural, economic, social circumstances and environmental conditions, constituting relevant levels of consumer protection. This is possible only if the Governments develop, provide and maintain, adequate infrastructure, implement, monitor and ensure consumer protection policy measures, that benefit every segment of the populace, including the vulnerable disadvantaged, existing in rural areas or in poverty. The Government should essentially also promote sustainable consumption; help create market conditions giving consumers larger choice, at lower prices, in addition to boosting the development of independent consumer groups furthering the cause of consumer protection.

### The Digital World

Our world is becoming globalized, experiencing speedy transformational change in determining required information, sharing, communicating, socializing, banking, shopping, etc., all creating choices, opportunities, conveniences and lower prices for consumers. Digital medium and mobile transactions have, without doubt, transformed consumer's lives.

However, to ensure continuation of this opportunity growth in digital developments, users need to trust it enough so that it integrates itself into their routine life and not just remain as one of the many available options to deal with. Access and availability of an affordable, consistent, good quality broadband internet infrastructure, an important aspect of digital consumer's right, is also a central prerequisite for a country's economic development. Government, regulators, business, resolute co-ordinated efforts alone can ensure this especially in remote geographical areas.

Today, over 40 per cent of the world's population uses internet and with the current continued focus on access and inclusion, this is bound to increase. Hitherto, for mass acceptance of products and services, consumers trust in the digital economy is obligatory which unfortunately in some aspects it is either lacking or hardly encouraging. Building trust cannot be laid-back and overlooking these issues, will only hamper further growth and integration of technology in people's routine.

On the demand side of economy, traditionally consumer initiatives alone give impetus, to internet digital bargain, purchasing decisions, sharing information, creating content, commenting, ranking, reviewing, using and providing services, in peer-to-peer networks and digital platforms. However, despite this glut of opportunities to shape the digital economy, the rapid pace of change

in technologies, is only leaving consumers confused about their choices. Understanding consumer worries and expectations about the digital medium and striving to find ways to build trust, is by itself a big challenge for policy-makers. The most important point to note here is that, a consumer's voluntary participation alone will lead to a flourishing innovative digital technology regime, thereby making the next stage of digital development work, better than ever before.

### Consumer Perceptions and Reality

The last two decades in India has witnessed consumer optimism giving way to pessimism with an overall feeling of helplessness and decline in trusting business, media, Government and even some NGO's because of a general sentiment that these institutions are incompetent and therefore incapable to protect them from any adverse effects of globalization and technology change. Technology falls short on authenticity, transparency, protecting consumer data with most consumers convinced that commercial brands with access to their personal data will only use it unethically with the remaining majority not even aware of what information companies hold about them. Addressing consumer concerns by regular review and re-evaluation of the scope of personal data collection, its need, invasive marketing, discriminatory practices, privacy loss and exposure to an individual's security risks are also essential. Consumers should have clear knowledge on their personal data collected, its purpose, be fully alert about the implications of its use in the digital economy and know easy effective methods, to assert control or mitigate risks. Companies should provide consumers with simple secure techniques for access and control of their data to benefit from opportunities of sharing the same, in line with their preferences, expectations and legal rights.

In a digital economy, we may not be able to avoid data transmissions. However, it is vital that consumers

exert control over personal data flows and privacy preferences. It is the regulator's onus, to note the impact of multiple organisations collecting data of citizens and its effect on their legal rights. They should create appropriate frameworks, suitable to address problems that challenge automated decisions, ensuring that processes are lawful and decisions centred on sensitive information, are without any discrimination to race, gender or religion. Regulators should also ensure, that all information stored and/or transmitted, are with the highest rational standards of security, either by incentivising or strict monitoring, that force companies to adopt the best practices by design. Policy regulations for companies should also include independent data security assessment, through timely breach notification and prompt sanctioning of benefits or immediate compensation to aggrieved consumers.

### Consumer Redress

In the event of breaches of security, consumers should have easy access to redress and these rights in the digital medium must be at par with those available for other commerce forms. Firms offering online transactions ought to offer strong, accountable and fair internal dispute mechanisms, without undue delays and at a reasonable cost. Availability of independent redress mechanisms, for unresolved disputes is utmost essential. The digital world involves cross sectoral, cross border transactions, multiple providers, etc., and regulators should work across jurisdictions, to support cross assistance to resolve disputes, enhancing consumers' ability to compare and switch providers, support interoperable compatible devices and software standards, with rights to access and transfer data between services. International policy on cross border data transfer should be co-ordinated, so that countries involved in transactions, have in place high standards of protection, in both substantive and procedural national laws.

### Empower Consumers and Build Trust

The Indian Government and businesses are investing in e-commerce. Developing consumer trustworthy online payment systems, therefore, is a priority. Newspaper reports often talk about data breaches, stealing of digital personal records, bank account details, email addresses, online account identity, medical information, etc. Losing all this information could mean financial loss, identity theft and deep distress on finding private information in public domain. Powerful digital technology allows companies to collect, store and share vast quantities of consumers' personal data to support product functionality, but many are truly neither necessary nor required. Personal security and safety in the digital world necessarily should also cover particularly child consumers, who are vulnerable to harm or less able to manage online risks. It is difficult to spot hazards and/or new risk threats in sophisticated new and unfamiliar digital products now available, just by simple scrutiny and consumers need to understand the safety aspect, well enough before using any new products and services. Regulators, in addition to raising awareness about online security, have to co-ordinate with companies to develop safe and secure system practices, easy for consumers to adopt. Providing a transparent personal data security with behind the scenes view of data usage, can also build some trust in the system.

The constantly evolving digital technologies blur traditional boundaries and cuts across nations with diverse sectoral rules and laws making it very difficult to identify the right answers. To increase consumers trust on business, it is necessary to willingly listen, understand consumer undercurrent demands, with a consumer-centric approach and respond to their expectations. Upholding digital consumer protection and treating them fairly, should be the corporate culture and fundamental objective in governance of digital providers and regulatory policy legislation should

be such, that companies not adhering to it or practising adverse methods that harm vulnerable consumers be severely penalised. Truly, regulation is not an absolute solution, but still has a very crucial role in providing certainty and a strong foundation of protection guarantees, for consumers to participate confidently in the digital economy.

Consumer products embedded with sensors devices augmenting their functionality and thereby becoming 'smart' are growing in the consumer market. Smart capability equips objects, sense activity, collect data and exchange it with smartphones or other connected devices, with remote centralised information systems. In order to take apt and necessary decisions, consumers should have complete knowledge about the implications of their personal data usage, during product use and/or service relationship and how the various processes that allows access to the service, affect pricing and quality. Increase in internet access and wireless connectivity will spurt a gradual demand for such products, leading to reduction of software and data handling costs, making everyday items like utility meters, domestic appliances, consumer electronics, wearable fitness trackers, cars and home security systems, to all acquire the ability to connect to the internet and to one another.

New developments bring about both increased opportunities and risks for consumers. Consumer products embedded digital technology, do enable it to connect to the internet subject to licences, but also have a worrying functionality namely, subjected to greater controls over use, sharing or modification, largely dependent on the provider's definition of product 'lifetime' and suitable use, that prevails especially in case of dispute. It is vital that digital product companies, follow international standards of manufacture, provide after sales essential security updates for a reasonable specified period, follow clear liability rules and ensure that consumers are fully compensated, in case of any harm

## NEED FOR CONSUMER AWARENESS

The market is flooded with a wide variety of goods and services and it is very difficult to **know** which one is a **duplicate**.



encountered due to safety and/or security reasons.

Realising consumer rights in a situation with complex lines of accountability and liability, remote automated contract enforcement issues, difficulties in changing provider, is beyond data privacy and security questions creating further confusion over exactly what a consumer can or can't do with a product they have purchased. Consumers owning or using such products, with very little input or only isolated decisions from them but relying more on software today find it difficult, in identifying as to who is responsible, when something goes wrong. The maze of countless links, within a complex network of manufacturers, apps and ISP's only makes it more problematic.

Consumer protection and empowerment regulation, for digital medium users is fundamental to address online complexity of security, liability, incompatibility and affordability. Equivalent to the feature, type and variety of digital services and products, protection levels should be same, for online or offline purchase

activities. It is important to note that evidence-based and outcome-focused interventions and solutions are necessary, as they have better impact on consumer satisfaction. An open complementary global measurable digital economy standard, in addition to a proportionally strong, effective and easily accessible legal mechanisms, that provide sanction against abuse and technical failures, thus protecting consumers from fraud and unfair online treatment errors, is necessary to build consumer trust and confidence. More importantly, a regulatory mechanism-keeping pace with the pervasive nature of any technology change, that also makes sure that consumers are clear on their ownership and guaranteeing rights to fair use, due process and proportionality are essential elements, in building trust and confidence among consumers.

### Digital Education and Awareness

Internet has revolutionised the way we buy and sell goods, with many of us enjoying the benefits of online shopping. Problems in commerce are unavoidable. We are all familiar

with complaints of faulty goods, poor services, fake or counterfeit goods, substandard or dangerous products, poor service delivery or goods contrary to promotional advertisement descriptions, etc. In e-commerce, many companies are involved making it troublesome and difficult to identify the player legally responsible for any discrepancy and consumer experience confirms that legislation, regulation and redress standards are ineffective at keeping pace with digital economy. The lack of clarity on consumer protection and redress, poor regulation mechanism in cross-border, e-commerce with persisting problems is still a deterrent for making digital dealings a way of life.

Practical, clear, accurate and credible standard information about products and its functionality, providers, processes and consumer rights, should be easily available to consumers, so that they understand adverse implications if any, of their online activities to aid informed decision-making, without complexity and confusion. Digital policy should be such that they are easy to understand and manage, especially with respect to issues and apprehensions of consumers participating in the digital world. Digital consumer education entails, not only knowing online rights, but also be competent on relevant participative knowledge skills and behaviours, to make effective use of digital devices, like computer desktops, laptops, tablets, smartphones, etc., for actively collaborating and communicating in a functional digital society. Additionally, it is also necessary that

The first step towards change is awareness. The second step is acceptance – Nathaniel Branden

If you want to keep the customer for life, shock them with a random act of kindness or exceptional customer service experience – Melonie Dorado

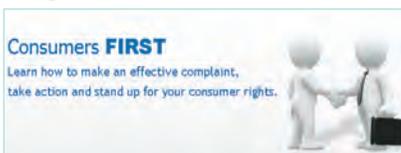
**THE MORE VARIETY, THE BETTER SOCIETY**



people develop skills to manage both risks and opportunities for making informed choices, know exactly where they have to go for assistance and take effective steps to protect or improve their online identity. It is important to note that consumer education and awareness to develop skills and confidence for managing risks and opportunities, is complementary to effective regulation and is not an alternative.

### Right to Choose

Competition and choice too plays an important role, in providing quality and/or fairly priced products meeting consumer's needs, helping drive improvements across sectors. The Government has the obligation, to maintain competitive markets, for delivering a digital world which the consumer can trust. Establishing rights to portability, adhering to comprehensive specification standards in privacy and sharing data preferences is necessary. In the digital economy, in addition to the abuse of dominant market positioning, new challenges unique to each sector exists and



addressing these are indispensable for consumers benefit and overall economic growth.

Consumer's confidence to support digital opportunities could increase, only if they are aware that digital business providers meet established standards and the accompanying safeguards if things go wrong. A company becomes trustworthy when it conducts its business activities responsibly, by willing to admit faults and be

accountable, deal people with honesty and all fairness, is transparent in talks, open about supply chains and treats employees well. A company at the forefront of digital technology has the additional responsibility of understanding the risks and benefits of their innovations and demonstrate proactively, their commitment to responsible practice.

### Inference

Technology and innovation have always been dynamic in nature, bringing both opportunities and difficulties for consumers. Understanding the emerging risks and detriments, in a clear balanced manner and mitigating it through appropriate protections, is utmost essential, otherwise any potential benefits of an innovative technology will only be undermined. Consumer confidence and trust in the digital system are pivotal to deliver socio-economic benefits for consumer citizens. However, this will succeed only if further developments available, are trustworthy enough to integrate into people's routine life. The responsibility for ensuring protection of consumers' online rights, upholding autonomy and personal freedom, requires collaboration among Governments, international organisations and businesses across nations.

Consumer laws and regulations just like technology, should keep pace with the technological dynamics, we witness. Every individual today, is a part of the digital world and it is up to all of us to make it a better trustworthy one. It is imperative to engage, address and resolve critical issues, with utmost urgency, without procrastinating as, otherwise, wrong and incorrect system practices will quickly take roots firmly, becoming a damaging operating system norm, resisting any positive change later. It is critical that Governments, global industries, local small businesses, international groups, civil society and people as consumers and citizens, commit to work jointly, to attain the best possible practices and offerings, enhance and build on it to create a trusted and safe digital world that upholds consumer rights foremost. □

(E-mail: [sitaram.dixit@gmail.com](mailto:sitaram.dixit@gmail.com))

### MSME Delayed Payment Portal – MSME Samadhaan

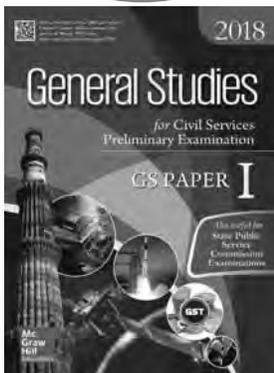
MSME Delayed Payment Portal – MSME Samadhaan (<http://msefc.msme.gov.in>), empowering micro and small entrepreneurs across the country to directly register their cases relating to delayed payments by Central Ministries/Departments/ CPSEs/State Governments was launched recently.

The Portal will give information about the pending payment of MSEs with individual CPSEs/Central Ministries, State Governments, etc. The CEO of PSEs and the Secretary of the Ministries concerned will also be able to monitor the cases of delayed payment under their jurisdiction and issue necessary instructions to resolve the issues. The portal will greatly facilitate the monitoring of the delayed payment in a more effective manner. The information on the portal will be available in public domain, thus exerting moral pressure on the defaulting organisations. The MSEs will also be empowered to access the portal and monitor their cases.

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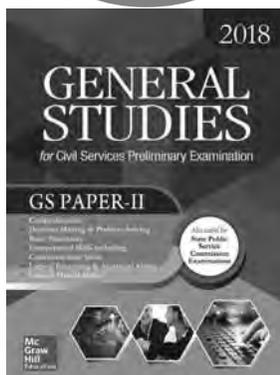


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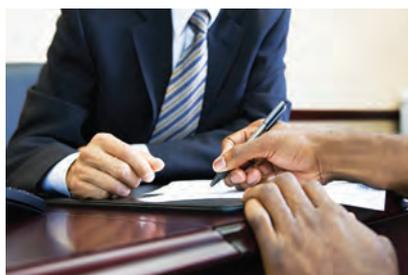
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## Consumer Inclusion in Financial Services

*G Sundaram*



*The financial services are a more complex area with numerous players, with banks alone controlling 64 per cent of the total assets. There are many other formal and informal players in this sector like CAs, agents, brokers, advisers, intermediaries, etc., There should be appropriate controls and insurance mechanisms to protect consumer assets, including deposits. Financial literacy becomes important*

**T**he UN Guidelines for Consumer Protection are a valuable set of principles dealing with effective consumer protection legislation, enforcement institutions and also redressal mechanisms. The Guidelines were first adopted by the General Assembly in Resolution 39/248 of April 1985, later expanded by Ecosoc Resolution 1999/7 of July 1999, and revised and adopted by the General Assembly in Resolution 70/186 of December 2015.

The UN Guidelines of 2015 contains for the first time a section on financial services, providing recommendations on fair treatment and proper disclosure, responsible lending, appropriate controls to fight abuses and fraud and transparency. This also recommends that measures should be adopted to reinforce and integrate consumer policies concerning Financial Inclusion, Financial Education and Protection of Consumers in accessing and using financial services. The global financial crisis and its impact on the consumer made the Organisation for Economic Cooperation and Development (OECD) G20 to evolve High Level Principles on Financial Consumer Protection of 2011. As recognised by the General Assembly,

"consumer confidence and trust in a well-functioning market for financial services promotes financial stability, growth, efficiency and innovation over the long term and the (recent) financial crisis places a renewed focus on consumer protection". Crisis or no crisis, it should be the endeavour of governments and NGOs to protect the consumer. In this regard, consumer inclusion and empowerment are important.

Consumers are empowered when they know their rights and obligations and "are able to defend them". Perhaps the top priority for most consumer protection authorities is to educate consumers and balance the inherent information dissymmetry between businesses and consumers in the market place.

This is easier said than done. Consumer education needs the participation of many stakeholders, such as consumer protection and education authorities, businesses and consumer organizations, the academia and the media. Here, we have to reckon with the recent e-commerce and digital revolution.

The financial services sector is more complex in this regard. There are many complexities exposing the consumer. He is bombarded

---

The author has been Secretary to the Government of India in several ministries including Cabinet Secretariat and Ministry of Civil Supplies, Consumer Affairs and Public Distribution System. He was the official leader to the UNEP Conference on Transboundary Movement of Hazardous Substances and signed the Convention. He is adviser to various consumer groups and social service organisations.



every day even through e-mail with numerous offers which he or she hardly understands. India has a consumer protection law since 1986. The question arises whether there is need for a separate consumer law for financial services. There are, of course, sectoral legislations. But how far they are effective is doubtful for an ordinary consumer. The present Consumer Protection law is being amended to make it more comprehensive to protect the consumer better. The financial services are a more complex area with numerous players, with banks alone controlling 64 per cent of the total assets. There are many other formal and informal players in this sector like CAs, agents, brokers, advisers, intermediaries, etc., There should be appropriate controls and insurance mechanisms to protect consumer assets, including deposits. Financial literacy becomes important. Here, the UN Guidelines for Consumer Protection, already referred to, for financial services is worth a re-read.

As the central bank of the country, the Reserve Bank of India (RBI) plays an important role in laying down broad policy with regard to interest rate, various charges and treatment of customers by commercial banks, the non-performing assets (NPAs), an euphemism for bad loans to big and influential customers. The Banking Ombudsman appointed by the RBI in each State also listens to the consumers in this regard and redresses them.

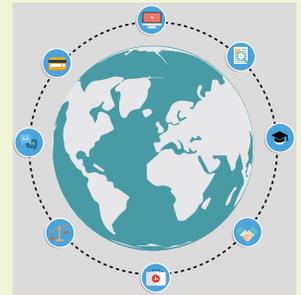
Financial services are the economic services provided by the finance industry, which encompasses a broad range of businesses that

## United Nations Guidelines for Consumer Protection 2016

### Financial services

Member States should establish or encourage, as appropriate:

- (a) Financial consumer protection regulatory and enforcement policies;
- (b) Oversight bodies with the necessary authority and resources to carry out their mission;
- (c) Appropriate controls and insurance mechanisms to protect consumer assets, including deposits;
- (d) Improved financial education strategies that promote financial literacy;
- (e) Fair treatment and proper disclosure, ensuring that financial institutions are also responsible and accountable for the actions of their authorized agents. Financial services providers should have a written policy on conflict of interest to help detect potential conflicts of interest. When the possibility of a conflict of interest arises between the provider and a third party, that should be disclosed to the consumer to ensure that potential consumer detriment generated by conflict of interest be avoided;
- (f) Responsible business conduct by financial services providers and authorized agents, including responsible lending and the sale of products that are suitable to the consumer's needs and means;
- (g) Appropriate controls to protect consumer financial data, including from fraud and abuse;
- (h) A regulatory framework that promotes cost efficiency and transparency for remittances, such that consumers are provided with clear information on the price and delivery of the funds to be transferred, exchange rates, all fees and any other costs associated with the money transfers offered, as well as remedies if transfers fail.



Member States may wish to consider relevant international guidelines and standards on financial services and the revisions thereof, and, where appropriate, adapt those guidelines and standards to their economic, social and environmental circumstances so that they can adhere to them, as well as collaborate with other Member States in their implementation across borders. In so doing, Member States may wish to study the High-level Principles on Financial Consumer Protection of the Organization for Economic Cooperation and Development and the Group of 20, as well as the Principles for Innovative Financial Inclusion of the Group of 20 and the Good Practices for Financial Consumer Protection of the World Bank.



manage money, like banks, RBI, credit card companies, insurance companies, consumer finance companies, stock brokerages, investment funds, mutual funds, etc., In fact, "Voice Society" has made a comparative study of 150 financial products including credit cards.

A vast area indeed with the Insurance Regulatory Authority, Securities and Exchange Board of India (SEBI), Forward Market Commission in the case of commodities, mutual funds on which many consumers depend, consumer finance companies, investment funds, etc., This is a veritable jungle in which the consumer is lost!

Here, the important point of Inclusion comes, particularly in the rural areas in a vast country like India with varying levels of literacy. In a State like Kerala, things may be simple with high literacy, particularly female. In some other parts of the country, a bank-account even is not known to people. The recent Pradhan Mantri Jan Dhan Yojana has helped 'financial inclusion' with the opening of more than 350 million beneficiaries for the first time with money in their accounts. Once they have it, they enjoy the Direct Benefit Transfer (DBT) of the many monetary benefits from the Government flowing into their accounts without middlemen. This hazzle-free transfer without middlemen gives them a sense of 'inclusion' in national development.

Till recently, youngsters were going for IT as first preference; now they prefer Financial Services. Today's financial services industry, with its many products and services, manages money for individuals and corporations.

"Financial Services show the poor ways out of poverty and of leading better lives. To the wealthy, Financial Services offer opportunities to make money grow". But, in my opinion, it depends upon good management and consumer protection with speedy redressal of grievances. □

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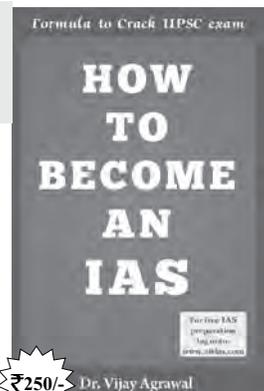
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## DO YOU KNOW?

### WATER AUDIT

**W**ater is life. Yet, we do not give water the importance it deserves because it was perceived to be plentiful and inexpensive. And there were few incentives for conservation of water. Now, the whole scenario has been changed. Water scarcity is a recognised global problem, with demand for water projected to exceed supply by 40 per cent by 2030. By the same year, half the world's population will be living in areas of high water stress. India will soon be a water-stressed country and we all need to work towards our water security. The 'Mantra' is reducing the use of water and its efficient and wise management. Water audit is an effective management tool for minimizing losses, optimizing various uses and thus enabling considerable conservation of water by reducing, reusing and recycling of water in various sectors such as domestic, power and industrial as well as irrigation sector. Water audit gives a detailed profile of the distribution system and water users, thereby facilitating easier and effective management of the resources with improved reliability.

#### Steps of Water Audit

**Water Supply and Usage Study:** Water audit comprises of preparation of layout of water sources, distribution network, service/delivery points to water users and return flow of waste or excess water. The layout includes locations and capacities of flow measurement devices installed at key points, dimensions of pipes and fittings in the water supply system. A study of the availability of water sources and past consumption patterns for various sectors is necessary to understand the present water utilization and projecting future requirement. Data on development of sustainable source of water through rainwater harvesting and effluent recycling are also be taken into consideration.

**Process Study:** Flow measurement points so that water losses from source, conveyance system from from treatment plant to treated water system to distribution networks, intervals. Such studies are useful modernization of the system.

**Quality of Water:** Water quality monitored regularly at strategic of contaminants present in the types of application and degree of designed and developed.



devices are installed at all strategic various components such as raw water raw water source to treatment plant, storage system, treated water storage individual users is assessed at regular for future extension, renovation and

of the distribution system is also points to find out the level and nature supplied water. Depending on the purity needed, the treatment system is

**System Audit:** The current water usages and systems for water use under various sectors such as irrigation, industry and commerce, hydropower, domestic water supply, thermal power and others need to be studied to check their operational efficiency and level of maintenance. The scope for any modification or up-gradation will depend on the status of existing systems. Measurement methodology from the intake point of the system through various sub-systems to the ultimate user points needs to be verified periodically for its suitability, efficiency and accuracy. Bulk metering should be done at the source for zones, districts etc. and revenue metering for consumers. This will help in identifying the reaches of undue wastewater generation.

**Discharge Analysis:** The domestic wastewater, return flows from irrigation, and effluents from the industries need to be studied for conformity to environment standards, possibility of recovery of valuable by-products and the opportunity for recycling of waste water.

**Water Audit Report:** Adequate planning and standard procedures are necessary prior to undertaking the water audit of a system. A water audit can be accomplished on the basis of water allotted for a service and water actually utilized for that service. After assessing the loss of water and the efficiency of the system, steps needed for utilization of recoverable water loss may be listed.

Irrigation is the major consumer of water accounting for about 83 percent of the current level of total water utilization in the country. It is therefore, considered a thrust area for achieving maximum conservation in water use. The centre is also emphasized the need for implement the formula of 'More Crop Per Drop' Even a marginal improvement in the efficiency of water use in irrigation sector will result in saving of substantial quantity of water which can be utilized for extending the irrigated area. Not only irrigation but in other sectors also, it is a need of the hour to save this precious gift of nature.

## The Old Gives Way to the New

*Pushpa Girimaji*



*...the rapid advances in digital technology opened up vast frontiers of knowledge and reduced the world to a global village, offering consumers tremendous opportunities and advantages. But with these changes also emerged a new set of problems such as online frauds, identity thefts, ATM card skimming, credit card cloning, etc. So all this necessitated a close look at consumer protection in the digital age, identify problem areas and come up with solutions that are in line with the modern day concept of consumer protection. And thus was born the proposal to replace the old law with a new one*

**I**t is indeed a paradox that even as we celebrate the National Consumer Rights day this December to commemorate the birth of the Consumer Protection (CP) Act of 1986, we eagerly await the new law that will replace it!

Well, laws have to be in consonance with the changing times and even though the CP Act is a path breaking law that recognized for the very first time, the rights of consumers and created an exclusive consumer justice system in the country, several factors such as the changes brought about by the market economy, the rapid advances in the area of digital technology and certain major deficiencies in the law itself, called for a new, improved law to replace it.

So the CP Bill, 2015, was introduced in the Lok Sabha on August 10, 2015 and was referred by the Speaker to the Standing Committee on Food, Consumer Affairs and Public Distribution. The Standing Committee submitted its report on April 26, 2016, recommending several important additions. The government has accordingly revised the Bill and is expected to re-introduce it in the winter session of Parliament.

In order to understand the significance of the proposed new law we first need to look at the CP Act

of 1986, its impact, successes and failures.

### Consumer Protection Act of 1986

All said and done, the CP Act of 1986 is a revolutionary law that brought consumer rights to the centre stage. The law spelt out for the very first time, six rights of consumers- the right to safe goods and services, the right to information, the right to choice, the right to be heard, the right to consumer education and the right to redress, particularly against unfair and restrictive trade practices and unscrupulous exploitation. The law provides for 'Consumer Protection Councils' at the central, state and district levels to "promote and protect" these rights.

But the focal point of the law is the three-tier adjudicatory system to redress consumer grievances against defective goods, deficient services, Unfair and Restrictive Trade Practices and to a limited extent, overcharging on goods and services. In order to facilitate resolution of complaints before these tribunals without advocates, the law provides for a panel of judicial and non-judicial members to settle disputes through summary procedure based on the principles of natural justice.

The redressal agencies are vested with the power to give a number

The author is Columnist, Specialist in Consumer Law and Safety. She was a member of the Committee constituted by the Department of Consumer Affairs to draft the Consumer Protection (CP) Bill, 2015

of reliefs including removal of deficiencies or defects in services and goods; replacement of unsafe or defective goods, or refund of their cost. They can also direct discontinuance of sale of hazardous goods, unfair and restrictive trade practices and in case of misleading advertisements, order issuance of corrective advertisements. The consumer courts can also award suitable compensation, punitive damages, besides costs.

When first constituted, these tribunals opened the floodgates of consumer litigation in the country. And in the last three decades, no sector has been spared. Retailers and manufacturers have been hauled up for defective goods, deficient after sales services, overcharging and unfair trade practices, including misleading advertisements. The services sector too has faced the wrath of consumers. From posts and telecommunication departments to railways and airlines; power supply undertakings and estate agencies to banks and insurance companies; hospitals and civic services to schools and colleges; lawyers and architects to travel agents and stock brokers; drycleaners and tailors to marriage bureaus and wedding planners, every sector has been dragged to the consumer court for negligent service and unfair trade practice. And many landmark judgements delivered by the apex consumer court have fortified the consumer rights encapsulated in the law and strengthened the fledgling consumer movement in the country.

### Are Consumer Courts Living Up to their Mandate?

Even as consumers have celebrated these victories, there have been



serious concerns over the working of these agencies, particularly the painfully slow process of justice. While inordinate delays in the appointment of members of the adjudication panel by state governments have often brought the working of these tribunals to a halt, incorporation of unnecessary technicalities in the procedures by those sitting in judgment over the cases and the frequent adjournments given by them at the behest of lawyers, have made a mockery of the promised 'Simple, Quick and Inexpensive' redressal. Miserly compensation awarded by the courts have also put a low price on consumer suffering, thereby discouraging many from approaching these forums. (For details, pl see "Consumer Courts in the country", Pushpa Girimaji, Yojana, February 2009)

In January 2013, the Indian Institute of Public Administration (IIPA) released its evaluation report on the 'Impact and effectiveness of

the Consumer Protection Act' in the country. Like the earlier report of the IIPA in 1994 ("Evaluation of the Effectiveness of the implementation of the CPA, 1986", December 1994) and the report of the Comptroller and Auditor General in 2004 (Performance Audit Report No 14, 2004-2005), this report too drew a grim picture of the consumer justice system.

Saying that its effectiveness was only marginal, the report blamed it on the inability of the consumer courts to deliver justice quickly and in a cost effective manner. Pointing to the poor compensation awarded by the consumer courts as another negative factor, the report said consumers were losing faith in this redress mechanism.

The report, which evaluated the impact of the CP Act through surveys of consumer courts in ten districts of five States (Karnataka, Gujarat, Uttar Pradesh, Odisha and Tripura) besides extensive interviews with various stakeholders, including complainants, said the complicated procedures forced the consumers to engage a lawyer and this made the entire process of dispute resolution very expensive.

In an attempt to overcome some of these impediments and improve the quality of consumer justice, the Union Ministry of Consumer Affairs took a number of steps, including amendments to the CP Act of 1986- in 1991, 1993 and 2002. But they did not bring about the desired results.

Table					
Sl. No.	Name of Agency	Cases filed since inception	Cases disposed of since inception	Cases Pending	% of total Disposal
1	National Commission	113117	97571	15546	86.26%
2	State Commissions	760786	651797	108989	85.67%
3	District Forums	3995088	3692798	302290	92.43%
	<b>TOTAL</b>	<b>4868991</b>	<b>4442166</b>	<b>426825</b>	<b>91.23%</b>

Source: website of the Department of Consumer Affairs, Government of India

Considering that the *raison d'être* of these courts is speedy justice, the law should have specified a time limit for resolution of complaints in the very beginning, in 1986. Eventually, when a time frame of three months for resolution of complaints (five months in case the complaint requires testing of goods) was mandated through an amendment in 2002, it was too late. By then, the consumer courts had already imbibed some of the worst features of civil litigation in the country! As per the IIPA report, only 10.2 percent of the complaints were decided within three months, while 17.8 per cent, within five months. And it's not even as if a large number of consumers are filing complaints before these forums. IIPA survey found that in 40 per cent of the District Consumer Forums, less than 15 cases were filed per month!

### The Lacunae:

The failure of the consumer courts to live up to their mandate of simple, quick and inexpensive consumer justice was not the only factor that called for an overhaul of the Consumer Protection Law in India. There were certain inherent defects in the concept of consumer protection envisaged under the Act of 1986 and this needed to be cured.

One of the biggest drawbacks of the 1986 law was the absence of a regulatory mechanism to enforce

the rights given under the law and prevent their violations. In other words, the predominant character of the Consumer Protection Act was to resolve consumer disputes after they had arisen and not to prevent them and protect consumers.

If you look at the 'Statement of Objects and Reasons' provided under the CP Act, 1986, its main objective is "better protection of consumers". However, it entrusts the "promotion and protection" of the rights of consumers to toothless recommendatory bodies called the Consumer Protection Councils at the central, state and the district level (where many of them are non-existent). Even the resolutions passed by these Councils are only recommendatory in nature (Rule 7, Consumer Protection Rules)

Thus even though the law lists the six rights of consumers, it bestows a mechanism for the enforcement of just one of the rights specified under the law - the right to redress of grievances - through a system of consumer justice. And it fails to provide for a regulator with adequate powers to enforce the other rights of the consumer. As a consequence, consumers are at the receiving end of a variety of malpractices.

On December 10, 1986, replying to a debate on the Consumer Protection



Bill in the Rajya Sabha, the then union minister for Food and Civil Supplies, had emphasized that the Bill was compensatory and not penal in character. This very nature of the Bill, he said, should limit the time taken for settling consumer disputes, while at the same time promoting a healthy respect among manufacturers for the rights of consumers.

In other words, it was hoped that the adjudicatory body would also act as a preventive mechanism. And the consumer courts obviously could not measure up. The painfully slow process of adjudication, combined with the miserly computation of compensation by the courts, failed to create any fear of these courts in the minds of those who violated the rights of consumers. But even assuming that it did function the way it was envisaged to be, it would still not be a substitute for a regulator.

One must also take into consideration the fact that the Consumer Protection Act was conceived and passed by Parliament in 1986- five years before the government embarked on the process of economic liberalization. In a free market economy, competition promotes improvement in the quality of goods and services and even brings about a reduction in tariffs- we have seen that happen in a number of sectors including telecommunication and civil aviation. But on the flip side, aggressive competition also brings about dishonest and devious marketing practices. Unless nipped in the bud, they can hurt consumers badly.



Similarly, the rapid advances in digital technology opened up vast frontiers of knowledge and reduced the world to a global village, offering consumers tremendous opportunities and advantages. But with these changes also emerged a new set of problems such as online frauds, identity thefts, ATM card skimming, credit card cloning, etc. So all this necessitated a close look at consumer protection in the digital age, identify problem areas and come up with solutions that are in line with the modern day concept of consumer protection. And thus was born the proposal to replace the old law with a new one.

### The New Dawn

The most important feature of the proposed law is the provision for the establishment of a regulatory body, the Central Consumer Protection Authority, with wide ranging powers to promote, protect and enforce the rights of consumers.

The Authority will be headed by a Commissioner and will have five Deputy Commissioners heading five bureaus dealing with (a) safety in goods and services, (b) quality assurance and standards, (c) enforcement of consumer protection laws, (d) prevention of unfair trade practices including misleading advertisements and (e) prevention of consumer detriment and unfair terms in consumer contracts.

The proposed law also aims at improving the functioning of the consumer courts and in addition, provides for the establishment of consumer mediation cells attached to the consumer courts at the district and the state levels, for quicker resolution of disputes. The law also codifies the liability of a manufacturer for the injury, death or any destruction of property caused as a result of a defective product. If enforced well, the proposed new law is sure to revolutionize consumer protection in India. □

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### National Power Portal (NPP) – A Centralized Platform for Collation and Dissemination of Indian Power Sector Information

The National Power Portal (NPP) was launched recently.

NPP is a centralised system for Indian Power Sector which facilitates online data capture/ input (daily, monthly, annually) from generation, transmission and distribution utilities in the country and disseminate Power Sector Information (operational, capacity, demand, supply, consumption etc.) through various analysed reports, graphs, statistics for generation, transmission and distribution at all India, region, state level for central, state and private sector.

The portal may be accessed at <http://npp.gov.in>.

The NPP Dashboard has been designed and developed to disseminate analyzed information about the sector through GIS enabled navigation and visualization chart windows on capacity, generation, transmission, distribution at national, state, DISCOM, town, feeder level and scheme based funding to states. The system also facilitates various types of statutory reports required to be published regularly. The Dashboard would also act as the single point interface for all Power Sector Apps launched previously by the Ministry, like TARANG, UJALA, VIDYUT PRAVAH, GARV, URJA, MERIT.



NPP is integrated with associated systems of Central Electricity Authority (CEA), Power Finance Corporation (PFC), Rural Electrification Corporation (REC) and other major utilities and would serve as single authentic source of power sector information to apex bodies, utilities for the purpose of analysis, planning, monitoring as well as for public users. The system is available 24x7 and ensures effective and timely collection of data. It standardized data parameters and formats for seamless exchange of data between NPP and respective systems at utilities.

The stakeholders of NPP are Ministry of Power (MoP), CEA, PFC for Integrated Power Development Scheme (IPDS), REC for Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY), other power sector utilities in government as well as private sector, Apex Bodies, other government organizations and public users. The Nodal Agency for implementation of NPP and its operational control is CEA. The system has been conceptualized, designed and developed by National Informatics Centre (NIC).

# Consumer as Co-Protector in Health Services

*Chandrakant Lahariya*



*People are an integral part of health systems and not external beneficiary only. Health services need to be designed and policies written keeping the consumer perspective at the centre. Considering the complexities of health sector - people are both consumer and co-producer of services- a combination approach where attention is on raising awareness on consumer rights and duties and providing health education, will be fitting tool for consumer protection in a holistic sense*

**C**onsumer is a person (or organization) who buys Goods (i.e., refrigerator, foods items) or Services (i.e., stay in a hospital or consultation by a physician) for their own use. In economics, the exchange of goods and services makes one person the seller and the other a buyer (if it is for business purpose) or consumer (if they are the end user). In such transactions, other than in an idealized situation, there is 'information asymmetry' - one party, either seller or buyer/consumer, has more or better information (about the product and/or service) than the other. This 'information asymmetry' can affect seller and consumer alike and poses a risk of 'market failure'. Since economy and a functioning market is of interest to all modern societies, in all levels (Local, State and Union), the Governments takes up responsibilities for establishing and implementing mechanisms for both business and consumer protection<sup>1</sup>. This article focuses on consumer protection and awareness in the context of Health Services in India.

### Concept of Consumer Protection

There are United Nations Guidelines for Consumer Protection (UNGCP), which were first adopted by the United Nations General Assembly (UNGA)

on April 16, 1985. The UNGCP are considered "a valuable set of principles for setting out the main characteristics of effective consumer protection legislation, enforcement institutions and redress systems and for assisting interested Member States in formulating and enforcing domestic and regional laws, rules and regulations that are suitable to their own economic and social and environmental circumstances, as well as promoting international enforcement cooperation among Member States and encouraging the sharing of experiences in Consumer Protection." (UNCTAD, 2015). The UNGCP has been expanded/ updated twice since then, with new resolutions adopted in 1999 and 2015, respectively. Thereafter, countries have initiated steps to set-up legal mechanisms for grievance redressal as well as making consumers aware of their rights, responsibilities and duties. Consumer protection focuses on making them aware of products or services, their characteristics and the other aspects including place to buy, price, and the need etc.

### Consumer Protection in India

India was amongst the earliest to join the legislative approach for consumer protection with enactment of the Consumer Protection Act (CPA) in 1986, within a year of UNGCP,

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1985. Afterwards, the Union and State Governments in India have developed mechanisms and enacted legislations, which aim to work on consumer protection and awareness. There are around 15 major acts/legislations, directly or indirectly contributing to consumer protection in India and CPA of 1986 continues to be central piece of legislation in this direction (Box 1).

The CPA, 1986 of India aims to ensure that rights of the consumer<sup>2</sup> are protected and to safeguard and protect the interest of consumers; focus on simplification of procedures for seeking redressal of grievances of patients or their relatives. The Consumer Protection Act 1986 provides for consumer disputes redressal at the district, state and national level. With the help of this law the agencies can solve grievances in a speedy, simple and inexpensive manner. A separate Department of Consumer Affairs was set up at the state and central government. This act aims for less expensive procedure and has guidance on time bound resolution of disputes. There are other legislative measures as well which are listed in Box 1.

### Health Services and Consumer Protection

Over the years, various courts in India have clarified and delivered rulings and judgments to bring medical/dental profession, hospitals, dispensaries, nursing homes and other related services under the Section 2(1) (o) of Consumer Protection Act, 1986. The judgements have made a distinction between a “contract of service” and a “contract for services”<sup>3</sup> under consumer protection acts and included services under medical profession as ‘contract for services’.

The different characteristics of health sector and services, from other sectors, also need to be acknowledged in this discussion. A major difference is that a clear distinction between producer of services and consumer may not always be possible. People



are not the external beneficiaries of health services or consumer only and in an extended view, they are the ‘co-producer’ of health services as well. What people/patients do at personal/individual level influences the outcome of health services rendered. Their behavior (physical activity, moderation in alcohol consumption or tobacco cessation) determines their health status and outcomes. For example, when people (and patients) adopt appropriate and early care seeking

or comply with the prescriptions and advice of physicians/care providers, they produce good health and contribute to the outcome.

Understandably, there are a few other provisions and mechanisms, which directly and indirectly can be considered as tools for consumer protection. One approach is public provision of health services and regulation of health services. The provision of health services by

#### Box 1

##### Legislative provisions for consumer protection in India

Directly related to consumers in Health Services

The Mental Healthcare Act, 2017

The HIV/AIDS Act, 2017

The Food Safety and Standards Act, 2006

The Transplantation of Human Organs Act, 1994

The Infant Milk Substitutes, Feeding Bottles and Infant Food (Regulation of Production, Supply and Distribution) Act, 1992

The Consumer Protection Act, 1986

The Prevention of Food Adulteration Act, 1954

The Drug and Cosmetics Act, 1940

##### Consumers at Broader Level

The Competition Act, 2002

The Environment Protection Act, 1986

The Prevention of Black Marketing Act, 1980

The Essential Commodities Act, 1955

The Protection of Civil Rights Act, 1955

The Fruits Product Order, 1955

The Essential Commodities Act, 1955

The Agricultural Product Act, 1937

The Sales of Goods Act, 1930

The Indian Contracts Act, 1872

government is considered an approach to ensure that the services are available at affordable cost. Regulation of prices of products and services in health sector are other mechanisms to keep services within affordable limits. The other mechanism is the standardization of products and ensuring that services meet minimum standards. This is done to assure the quality of products. For health sector, there are Indian Public Health Standards (IPHS) and then the Clinical Establishment (Registration and Regulation) Act, 2010 also prescribe minimum standards for all types of health facilities. There is National Accreditation Board of Hospitals and Healthcare Providers (NABH), which has standards available and to give NABH accreditation to healthcare facilities in India.

### Recent Initiatives

Consumer protection in any setting cannot rely solely upon legislative measures and single tool approach. Regulatory approaches



are useful but sub-optimal enforcement and implementation limits the effectiveness. This case for supplementary mechanisms becomes stronger in the backdrop of the debate on whether those who receive free medical care from private charitable or governmental hospitals- can claim rights as ‘consumers’ under the Consumer Protection Act, 1986 or

not. Some of the measures to support patients and protect consumers in health services in India are as follows:

**The Clinical Establishment (Registration and Regulation) Act, 2010:** This act aims to ensure that all clinical establishments meet basic minimum standards, are registered with the authorities and follow the standard treatment guidelines, amongst many others. The act also aims to protect consumers in healthcare from unscrupulous providers. This is a central act and a limited number of Indian states have adopted and implemented this act so far.

**State Specific Regulations on Clinical Establishments:** In the last decade, a number of Indian states have enacted legislations regarding regulation of healthcare facilities, costs of procedures and mechanisms for penalties for violations of such provisions. These Acts and rules ensure quality of health services and protect consumers in health services.

**The Drug (Price Control) Order (DPCO), 2013:** This order was issued by the Indian government under the Essential Commodities Act, 1995 and in suppression of the Drug Price Control Order of 1995. The DPCO has provision for government regulating the price of essential medicines and drugs. This is highly relevant in the Indian context as the cost of medicines

#### Box 2

#### Consumer awareness can play important role in health

The consumer has a direct role to play in increasing awareness about the consumer protection, rights and duties. They can also inform and influence a few other aspects of health services (collateral benefits). Indicative list includes as follows:

Shaping the policy dialogue (– media, civil society) and place Health higher on the policy table/dialogue.

Demand for (from Union and State Governments).

Re-designing health services for making people oriented and focused.

Population or public health services; shift attention from curative or personal health services.

More investment on Primary Health Care Services.

More provision of promotive and preventive health services.

Invest more money by government on health (Government investment on health in India is one of the lowest in the world).

To establish mechanisms so that people don't fall into poverty while accessing health services, i.e. social health insurance.

Bringing accountability and transparency to ensure that commitments made are fulfilled.

Strengthening dialogue between people and their people's representative for strengthening healthcare services.

contributes two third of total cost paid out of pocket by patients/people. There are wide variations in the cost of same medicine produced by different manufacturers. DPCO ensures that at least for medicines which are included in the Essential Drug List (EDL), the patient does not end up paying an exorbitant cost. The government has exercised their power to control/cap the prices of stents and implants through this order, which has reduced the cost to the patients and proven mechanisms for consumer protection.

**Other Examples:** In the last few years, the attention on prescription of generic names of drugs by providers is also seen as an approach for consumer protection.

### The Way Forward

While India has made a stride, there is a long way to go for protecting consumers in all sectors. There are a few steps which could be considered, specifically for health sector and services:

**Adopting a Broader and Holistic Approach:** An approach which has a blend of (1) making consumers aware of their rights, giving due considerations to the complexities of health services and related outcomes and (2) making consumers aware of their duties. Alongside, a third component of ‘health education’ has to be an integral part of the process. In other words, an appropriate blend of ‘consumer awareness’<sup>4</sup>, ‘health education’<sup>5</sup> and ‘health literacy’<sup>6</sup> can lead to consumer protection in health sector as well as better/improved health outcomes in India.

In fact, a well-informed consumer and community can contribute to improve overall health outcome in the country (Box 2). There are a wide range of themes and topics for health education and literacy in India<sup>7</sup>.

**Engaging Civil Society:** The government agencies in these efforts need to be further supplemented by the non-government systems to raise consumer awareness. The civil society

organizations and existing community set ups such as *Mahila Arogya Samitis* under National Urban Health Mission in India and ASHA workers under National Health Mission (NHM) could play many roles in this area in the health sector.

**Utilizing emerging strengths:** The mechanisms including mass media (print and broadcast) could be optimally utilized for awareness and protection of consumers in health sector. The emerging strength of information and communication technology, mobile based applications and social media platforms could serve an appropriate tool for raising consumer awareness. However, caution must be exercised as these tools could prove harmful as well with spread of unverified information.

### Health Education in Current

Incorporating Consumer Awareness and health education in the curricula of schools and colleges at different levels has to be a systematic process to be implemented at all levels over a period of time.

### Conclusion

People are an integral part of Health systems and not external beneficiary only. Health services need to be designed and policies written keeping the consumer perspective at the centre. Considering the complexities of health sector - people are both consumer and co-producer of services- a combination approach where attention is on raising awareness on consumer rights and duties and providing health education, will be fitting tool for consumer protection in a holistic sense. The stakeholders have to play their roles and existing legislative and non-legislative tools will contribute to the process. This is an opportune time: the government of India has released a new national health policy (2017) and there is an ongoing policy dialogue on Universal Health Coverage (UHC) in the country. The UHC is possible with active participation of people and communities and consumer awareness can play an important role.

### Readings

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### Endnotes

- 1 One of the commonly referred examples of health services and consumer mechanisms is ‘health insurance’. In health insurance, the issues of ‘information asymmetry’; ‘adverse selection’ ‘cream skinning’ and ‘moral hazards’ comes in and the governments have to intervene to ensure that the insurance companies do not exclude people who are in the maximum need of insurance i.e., those with pre-existing conditions, as was happening in United States of America till The Affordable Care Act (popularly known as Obamacare was enacted) in 2010. At the same time, mechanism should be established that insurance should not lead to delay in use or over use of health services by people (moral hazard). This situation demands for regulatory mechanisms as well as consumer awareness.
- 2 The rights of consumer include right to safety, right to be informed, right to choose, right to be heard, right to seek redressal and rights for consumer education, amongst other.
- 3 A “contract for services” implies a contract whereby the party rendering service is not subject to detailed direction and control but exercises professional or technical skill, knowledge and discretion. A “contract of service” involves an obligation to obey orders

in the work to be performed and as to its mode and manner of performance.

- 4 Consumer awareness means awareness of consumers in different aspects of consumption activities. Consumer awareness is a broader and wider concept. It covers awareness about Maximum Retail Price (MRP); about Fair Price Shops; about price, quality of the product; about their rights and duties, amongst other aspects.
- 5 Health education is any combination of learning experiences designed to help individuals and communities improve their health, by increasing their knowledge or influencing their attitudes.
- 6 The cognitive and social skills which determine the motivation and ability of individuals to gain access to, understand and use information in ways which promote and maintain good health. Health Literacy means more than being able to read pamphlets and successfully make appointments. By improving people's access to health information and their capacity to use it effectively, health literacy is critical to empowerment.
- 7 These topics which need to be part of health education in India may range from addressing issue of preference of people prefer and their demands injectable medications even for conditions (such as fever or diarrhea) for which equally effective oral medications are available. The challenges of mis-use, over-use, 'over the counter' sale of prescription drugs and antibiotics and incomplete course of antibiotics. These practices are posing risk of emerging risk of anti-microbial resistance. The health education can improve the healthy habits and behavior, which would be vital for tackling the emerging burden communicable diseases (NCDs) such as diabetes and hypertension are increasing in India. A large proportion of these conditions can be prevented through health education and promotion such as healthy diet, physical activity, tobacco cessation and moderation in consumption of alcohol. □

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### 'India State Level Disease Burden' report released

The findings of 'India State Level Disease Burden' report of Indian Council of Medical Research (ICMR) were released on November 14, by the Vice President of India .

The estimates released which are based on utilization of all available epidemiological data, show that the per person burden due to major infectious disease, that is, diarrheal diseases, lower respiratory infections, and tuberculosis is 7 to 9 times higher in the states like Bihar, Odisha, Uttar Pradesh, Assam, Rajasthan, Madhya Pradesh and Jharkhand than in other states. Likewise, the burden due to the leading non-communicable diseases, that is, Ischemic Heart Disease, Stroke, Diabetes, Chronic Obstructive Lung Disease is 4-9 times higher in some states than in other states.



The disease profile of each state showing the contribution of specific diseases and risk factors to the overall health loss can be a useful guide for states when they develop their Project Implementation Plans for health. The open-access visualization tool shows disease and risk trends in each state 1990 to 2016 in a simple manner, which can be of much use for policy makers. Planners and experts in each state can use the findings released to engage with the India State-level Disease Burden Initiative to further improve health in their respective states,

The data and results shared by the India State-level Disease Burden Initiative in its report, scientific paper, and the online visualization tool will serve as a useful guide for fine-tuning health planning in each state of the country.

The India State-level Disease Burden Initiative, a joint initiative between the Indian Council of Medical Research (ICMR), Public Health Foundation of India (PHFI), and Institute for Health Metrics and Evaluation (IHME) in collaboration with the Ministry of Health and Family Welfare, Government of India along with experts and stakeholders associated with over 100



Indian institutions, released the first comprehensive set of state-level disease burden, risk factors estimates and trends for each state in India to inform health planning to reduce health inequalities amongst states

in India. These estimates are based on analysis of all identifiable epidemiological data from India over quarter of a century.

## NORTH EAST DIARY

### NORTHEAST TO GET INDIA'S FIRST EVER 'AIR DISPENSARY'

Northeast is all set to get India's first-ever 'Air Dispensary' based in a helicopter. The Union Ministry of Development of Northeast (DoNER) had been exploring the idea of introducing a helicopter based Dispensary/OPD service in far flung and remote areas, where no doctor or medical facility was available and the patient, in need, also did not have any access to any medical care. As per the envisaged plan, helicopter will be based at two locations, namely Imphal in Manipur and Meghalaya in Shillong. Both of these cities have premier Postgraduate Medical Institutes from where specialist doctors, along with the necessary equipment and paramedical staff, would be able to move into the helicopter and hold a dispensary/OPD in different locations across the eight States of North Eastern Region. Same helicopter can also transport a sick patient, requiring admission, to a city hospital.

Union Ministry of Development of Northeast (DoNER) has already contributed Rs.25 crore as part of the initial funding for this initiative.

### OPPORTUNITIES IN ORGANIC FARMING

During the World Food India 2017 held in November at New Delhi, a Conference on "North East India: Organic Production Hub; Opportunities Unexplored" was also organized. North East region has about 50 species of bamboo, about 14 varieties of banana and 17 varieties of citrus fruits. The NE region also has huge production of fruits such as pineapple and oranges. This production goes waste, if there is no ancillary support to export these products. There are 3 Mega Food Parks in North east, in the states of Assam, Tripura and Mizoram. The state of Sikkim has been declared the first Organic state of India. The Central Government has taken several measures to explore potential in NE region. Ministry of DoNER has rolled out 'Venture Fund' recently for anybody who wishes to Startup in the Northeast region, which would provide a huge financial relief particularly to young entrepreneurs. The 'Venture Fund' has already become popular among the youngsters and about 65 proposals are already in the pipeline.

### NORTHEAST EMERGING AS NEW 'STARTUP' DESTINATION

The Northeast is fast emerging as the new "StartUp" destination for youngsters from all over India. Addressing the two-day National Convention on "Transforming Northeast India" recently, Minister of State for DoNER, Dr Jitendra Singh said, with the improvement in connectivity and transport facility in the last two years, coupled with concentrated administrative focus, more and more youngsters are now heading towards the North-Eastern States to venture into entrepreneurship and take advantage of its unexplored potential. In an hour long interactive session with the youngsters, Dr Singh pointed out to another area of hospitality and tourism for future StartUps and said during the peak season of tourism there is no accommodation available. The new airports coming up at Pakyong in Sikkim, Itanagar in Arunachal Pradesh and Shillong in Meghalaya, which along with a time-bound plan to lay broad-gauge rail track, would bring in further ease of doing business. While the women in Northeast are already empowered and professionally more active as part of their tradition, the recent initiatives of the Central Government are encouraging Self Help Groups to promote household entrepreneurs, in which young StartUps have also come forward and opted to work in the sector of handloom and textile.

### NORTH EASTERN COUNCIL TO BE REORIENTED

The North Eastern Council (NEC) will be reoriented and developed as a state-of-the-art resource centre for the North Eastern States with necessary resources, knowledge and skill to execute innovative and strategic vision for the region. NEC was set up way back in early 1970s with the intention to give special focus to the development of this region. Minister of State for DoNER Dr Jitendra Singh said the NEC will have the role of a visionary as well as a strategic leader for all the eight states of the region, wherein it could lay down the roadmap for each of the separate States and areas based on specific requirements, specific attributes and specific needs.

**Anti-profiteering Measures To**



**Consumers**

**The Government is committed to ensure all consumers enjoy the benefit of lower prices of goods and services under GST.**

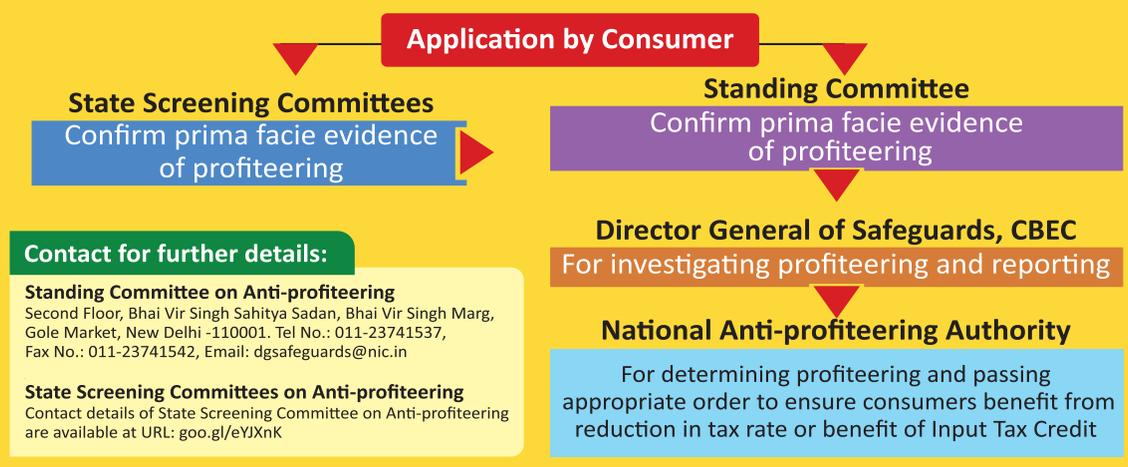
Under GST, suppliers of goods and services must pass on any reduction in the rate of tax or the benefit of Input Tax Credit to consumers by way of commensurate reduction in prices.

If this is not done, the consumer's interest is protected by the National Anti-profiteering Authority, which may order:

- ➡ Reduction in prices;
- ➡ Return of the amount not passed on with interest @ 18% to the recipient;
- ➡ Imposition of penalty;
- ➡ Cancellation of registration of the supplier.



Affected consumers may file an application, in the prescribed format, before the Standing Committee on Anti-profiteering if the profiteering has all-India character OR before the State Screening Committees if the profiteering is of local nature.



**Contact for further details:**

**Standing Committee on Anti-profiteering**  
Second Floor, Bhai Vir Singh Sahitya Sadan, Bhai Vir Singh Marg,  
Gole Market, New Delhi -110001. Tel No.: 011-23741537,  
Fax No.: 011-23741542, Email: dgsafeguards@nic.in

**State Screening Committees on Anti-profiteering**  
Contact details of State Screening Committee on Anti-profiteering are available at URL: [goo.gl/eYJXnK](http://goo.gl/eYJXnK)

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# GST: Impact on the Consumers

*TN Ashok*



*The introduction of the GST by the government was to align the Indian taxation system with global standards and make ease of doing business with India easier than before. And at the domestic level the purpose behind GST was to replace the plethora of taxes such as sales tax < excise < octroi and others with a single uniform tax across the country and make the movement of goods pan India smoother. The long term benefits of GST would be enormous for the country and trade*

**T**he Goods and Services Tax (GST) had a red carpet roll out on July 1, 2017 with much fanfare with the announcement coming from the sacred portals of Indian Parliament with a joint session. The tax was essentially meant to tune India with global standards in ease of doing business and single uniform tax for movement of goods across the country.

However four months down the line, businesses and consumers don't seem very comfortable with. The worst affected seem to be the middle class and small businesses as the impact has been felt across spending on dining, travelling, and long cumbersome confusing procedures for the new or small entrepreneurs. The GST council has taken note of the complaints and has promised to redress them in a time bound manner.

What went wrong with the GST? First of all there is nothing wrong with the GST. It's a global standardised procedure which the Prime Minister has followed with some more modifications approved by the GST Council. Second of all what seems to be wrong is probably in the classification of Goods and Services in the four tier system of taxation which is : 0 per cent, 5 per cent, 12 per cent, 18 per cent, 28 per cent.

Let's see how it has impacted consumers first and then the businesses.

After a lot of deliberation, the GST council finalised the rates for all the goods and major service categories under various tax slabs, and it was widely expected to fill the loopholes in the current system and boost the Indian economy. The aim was to unify the indirect taxes for all states throughout India.

GST was set at 0 per cent, 5 per cent, 12 per cent, 18 per cent and 28 per cent for various Goods and Services, and almost 50 per cent of Goods and Services come under the 18 per cent tax rate. And this is the bracket where life seems to have changed post GST on some day-to-day goods and services with a huge impact on an end user's pocket. Here is a detailed wise analysis:

## **Footwear and Apparels/Garment:**

Footwear costing more than Rs. 500 attracted a GST rate of 18 per cent from an earlier rate of 14.41 per cent rate, but rates for the footwear below Rs. 500 was reduced to 5 per cent. So, one needed to shell out more for buying a footwear above Rs. 500.

And with respect to the ready-made garments, the rates had been

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reduced to 12 per cent from an existing 18.16 per cent which would make them cheaper. And this is a major relief for the trendy youth or the fashionable old.

### Cab and Taxi Rides

Taking an Ola or an Uber has become cheaper because the tax rate has come down to 5 per cent from an earlier 6 per cent for a cab booking made online.

### Airline Tickets

Under the GST, tax rate for economy class for flight tickets is set at 5 per cent but the tax for business class tickets will have a higher tax rate of 12 per cent. So business class passengers have had to pay higher for their tickets. It's not yet clear if the benefit of lower tax for ordinary passengers has been passed on by the airlines to the flyers.



### Train Fare

There seems to be no appreciable impact here. The effective tax rate has increased from 4.5 per cent to 5 per cent in GST. But, passengers who travel for business trips can claim Input Tax Credit on their rail ticket which can help them to reduce expenses. People travelling by local trains or in the Sleeper Class will not be affected, but First-Class and AC travellers will have to pay more.

### Movie Tickets

Movies tickets costing below Rs. 100 will be charged a GST rate of 18 per cent but prices above Rs.100 will have a higher tax rate of 28 per cent. So movie goers particularly in northern and western India where ticket prices average between Rs 175 to Rs 300 are the worst affected. In the south particularly in Tamil Nadu, the State Government had-put a ban on ticket pricing as not to exceed Rs 125 per ticket. With GST, state government levied local taxes, which pushed up tax rates making movie going costlier. Fearing consumer resistance, the Tamil and Telegu film industry which produce the maximum number of bilingual films approached the state governments to scrap the local taxes. The matter is still pending resolution.

### Life Insurance Premium

The Premium amounts on policies are to rise, and an immediate impact can be seen on one's term and endowment policy premia as the rates have been increased under GST across Life, Health and General Insurance.

### Mutual Funds Returns

GST impact on your returns from mutual funds investments will largely be marginal as the GST will be charged on the TER i.e. Total Expense Ratio of a mutual fund. The TER is commonly called as expense ratio

of a mutual fund company, and the same is set to go up by 3 per cent. The return on what you get as an investor will be reduced to that extent unless the respective mutual fund company i.e. AMC absorbs it but that anyhow will be a marginal difference, financial experts say.

### Jewellery

Investment in gold has become slightly expensive because there is a 3 per cent GST on gold and 5 per cent on the making charges. The earlier tax rate on gold was around 2 per cent in most of the states and the GST has risen from the existing rate to around 2 per cent to 3 per cent.



### Buying a Property

Under construction properties will be cheaper than ready-to-move-in properties. The GST rate for an under-construction property is 18 per cent but the effective rate on this kind of property which will be around 12 per cent due to input tax credits the builder will avail of, financial experts claim. .

### Education and Medical Facilities:

Education and Medical sectors have been kept outside the GST ambit and both the primary education and healthcare is exempt from GST. This has meant that a consumer will not pay any tax for the money you spent on these services. But due to



increase in the rate of taxes for certain goods and services as procured by these organisations, they may pass on the additional tax burden to the consumers.

### Hotel Stay

Staying in hotels seems to have become costlier as generally room tariff for a good three star to five star hotels is never less than Rs 2500 a day to over Rs 10,000 a day.

If the room tariff is less than Rs 1,000, then there is no GST, but anything above Rs 5,000 will attract 28 per cent tax. And that's pretty stiff; watch out Honey Mooners and Couples wanting a getaway from the cities on a holiday.



### Buying a Car

Most of the cars in the Indian market, especially the small cars, should be slightly cheaper, except for the hybrid cars because the GST rate will be 28 per cent tax on all the vehicles irrespective of their make, engine capacity or model. However, over and above this 28 per cent, an additional cess will be levied which can be either 1 per cent, 3 per cent or 15 per cent, depending on the particular car segment. So brace yourselves, SUVs, MUVs, sedans are all becoming costlier. It is not yet clear how many of the dozens of auto makers have actually passed on the benefit of lesser tax on small cars to the consumers. At a time when the auto industry was facing recession, any drop in price should help the industry to turn around.

### Mobile Bills

People have to pay more on mobile phone bills as GST on telecom services is now 18 per cent, as opposed to the

earlier tax rate of 15 per cent. However, telecom companies may absorb this 3 per cent rise due to fierce competition, telecom experts say because even giant such as Airtel, TATAs, Vodafone, Idea Cellular and Reliance Jio are all engaged in a fierce price war. Particularly the entry of Reliance Jio is leading to a shakeout on the mobile telephony services.

### Restaurant Bills/Eating Out

Eating out on the weekends by families has become a costly affair. But the restaurant bill would actually depend on whether you dined at an AC or Non-AC establishment which do not serve alcohol. Now dining at five-star hotels are being charged at 18 per cent GST rate and the Non-AC restaurants charge 12 per cent and a 5 per cent GST will be charged from small hotels, dhabas and restaurants who do not cross an annual turnover of Rs. 50 Lakh.

### Popular Events

Popular Sporting Events like IPL attract a 28 per cent GST rate which is higher than the earlier 20 per cent rate. Price of cricket tickets shoot up. And the GST rate for other events like theatre, circus or Indian classical music shows or a folk dance performance or a drama show will be at 18 per cent GST rate, which is lesser than the earlier tax rate.

### DTH and Cable Services

DTH(Direct-To-Home)connections or money paid to cable operator should reduce a bit as the rate is fixed at 18 per cent, which is lower than the earlier taxes which comprised entertainment tax in the range of 10 per cent to 30 per cent, apart from the service tax of 15 per cent.

### Amusements Parks

The ticket price for amusement parks and theme parks will increase as the earlier service tax of 15 per cent will become

28 per cent under the GST. This makes it a costly outing for a family looking for fun.

Let's look at the list of items completely exempt from GST. The unprocessed cereals, rice and wheat etc. The unprocessed milk, vegetables (fresh), fish, meat, etc. Unbranded Atta, Besan or Maida. Kid's colouring book/drawing books. Sindoor/bindis, bangles, etc. These are just a few ways in which the GST will impact daily life.

While consumers face a mixed bag of fortunes as GST impacts their life in various ways, some things have become cheaper but some costlier. But aspirations rise among the people, the things people dream of like dining out in good places, travelling to exotic destinations and staying in good hotels have all become costly.

### Impact on the Business Sectors

The main aim of GST implementation was One Nation One Tax and One Market which has been welcomed by a section of domestic and wide range of foreign investors. GST has replaced a dozen of central and state levies such as excise, VAT and service tax. Impact of GST on several industries is as follows.

### Small and Medium Enterprises

Combining Central (CGST) and state (SGST) taxes in the new tax regime means enterprises with annual turnover of Rs 20 lakh or above (10 lakhs in some specific states) will have to follow all the GST provisions. The new GST rule will adversely influence the SMEs working capital.



Under the previous tax regime, the exemption limit for SMEs was Rs. 5 lakhs, whereas in the new tax regime the exemption limit is enhanced to Rs. 20 lakhs (10 lakhs in some specific states) which have a positive impact.

Ease of doing business removes cascading effect (double taxation), reduces the tax burden on new businesses, improves logistics and faster delivery of services are some of the positive points of the newly implemented Goods and Services Tax (GST).

### Impact on Real Estate Industry

Realty is a key sector playing a major role in generating employment. Under the Goods and Services Tax Regime, all under-construction houses or properties are imposed 12 per cent on property value (excluding stamp duty and registration charges). Bear in mind that that 12 per cent tax rate will not be applicable in ready-to-move-in houses and completed projects, as such no indirect taxes applies in the sale of under constructed properties. Stamp-duty and registration charges will have to be borne by the buyer in case of uncompleted projects or under-construction projects.

The GST rate on under-constructed houses or projects has increased from 6.5 per cent in the previous regime to 12 per cent in the new regime. The actual GST rate on Real-Estate sector is 18 per cent. Out of a total cost of building charged by the developer, one-third of the tax is to be deducted from the land value. The GST provides an option of claiming input tax credit, which will not be available on ready-to-move-in projects. Under GST, either developer

will have to bear the high tax burden or further pass to end-consumers and increase the overall prices of houses or projects to meet the requirements of the new tax burden.

### Impact on Automobile Sector

The automobile sector is one of the major beneficiaries of the GST because several central and states levies such as road tax, excise, sales tax, VAT; motor vehicle tax and registration duty have all been eliminated as GST has subsumed all of them with a single uniform tax.



However, there still appears to be some confusion as different tax rates and exemptions are yet being furnished by several states to the manufacturers/dealers for producing bus/ bike/ cars. Recently, the GST Council increased cess on mid-sized to hybrid variant to luxury ones, from 15 per cent to 25 per cent.

Under a new rule implemented in the Motor Vehicles Act, vehicles with a capacity to transport up to 13 people would invite 25 per cent cess. Under the new indirect tax regime, which subsumed several central and state levies in the biggest tax reform

since Independence, cars have taken the highest GST rate i.e 28 per cent tax. There might be a 2nd look at this, automobile industry sources claim.

### Conclusion – GST here to stay with amendments

Even as the GST has made some goods costly and some others cheaper and World Bank moves India up 30 notches in ease of doing business to position number 100 from 130, the good news is that the GST council, at the time of writing, met in Delhi and approved far reaching changes to the tax regime and reduction of tax slabs for over 178 items.

The Chief of the Group of Ministers that recommended the revisions, Himanta Biswa Sarma, also the Finance Minister of Assam, said “ there would be a constant endeavour to do away with the highest rate of taxation of 28 per cent slab”. The introduction of the GST by the government was to align the Indian taxation system with global standards and make ease of doing business with India easier than before. And at the domestic level the purpose behind GST was to replace the plethora of taxes such as sales tax < excise < octroi and others with a single uniform tax across the country and make the movement of goods pan India smoother. The long term benefits of GST would be enormous for the country and trade. □

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# YOJANA

Forthcoming Issue

## Banking Sector Reforms

## Educating the Rural Consumer

*Rahul Singh*



*While there are several mechanisms in place and initiatives already being taken by Government of India and civil society, a blue print for creating awareness in rural India has to be created involving Panchayats, Government functionaries, civil society, media, IT technology experts and accelerating the spread of education*

**T**he buying preferences of India's rural consumers are changing fast and several factors - economic, psychological, and technological - are coalescing to fuel this transformation. Rural consumers' income levels are on the rise, enabling more of them to buy products and services that improve the quality of their lives. The monthly per capita spending among rural consumers has increased 17 per cent between FY10 and FY12, higher than the 12 per cent rise among urban consumers. Disposable incomes have gone up and fuelled aspirations, thus, resulting in a change in buying preferences. Spending on non-food items rose from 40 per cent of the total spend in FY2005 to more than 50 per cent in FY12. There has also been a shift in the awareness levels of the rural consumer and the increased media penetration has played a vital role in rural India's values and attitudes. These economic trends, socio-economic changes and recent advances in technology, have triggered major changes in how rural consumers make purchase decisions

and what they buy and from where they buy.

Rural areas currently are home to nearly 70 percent of India's population and have historically accounted for more than half of Indian consumption. Even with increasing urbanization and migration, it is estimated that 63 percent of India's population will continue to live in rural areas by 2025. In terms of economic output, rural India accounts for almost half (48 per cent) of the country's economy, and the rural markets have the potential to reach \$500 billion by 2020. Thus rural areas will continue to remain vitally important to the Indian economy.

Globalisation, liberalisation and privatisation have transformed the Indian economy into a vibrant, rapidly



Approaching a consumer court is extremely cheap as you can represent yourself without having to hire a lawyer. There is no requirement to pay any huge court fees but just a small nominal fee.

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growing consumer market. As a result, the markets are flooded with different kinds of goods and services, substantially changing the purchasing pattern of the consumers. The rural markets, which were earlier ignored by most of the big international market players, are now being seen having great business opportunity. As the disposable income of the masses is growing, more and more corporate houses are entering into the rural markets with their new goods and products. A substantial number of the rural people in India are living below the poverty line, having high level of unemployment and poor literacy level and consumer awareness continues to remain low.

Under these circumstances, the sellers or the manufacturers, exploit the consumers. Though, the consumers in India have been provided with various safety measures against their exploitation, still the sellers and producers are hoarding and black-marketing the essential goods, resorting to economic corruption and frequently cheating the consumers. Rural markets are full of sub-standard goods and duplicity of branded goods is another major problem in rural areas. As there is no check on production and sale of such products in the rural markets, many of these products have become health hazards. The expansion of service sector has added to the problem. Services like insurance, banking, electricity, medical have expanded in the rural areas without any checks and balances and the rural consumers continue to be exploited by the service providers. Spurious drugs are causing major health hazards. The vulnerable sections are mainly women, children and farmers. It is common to find that farmers are supplied defective seeds, adulterated pesticides and other commodities.

The expansion of mass media has further given impetus to consumerism in the rural areas. Therefore, now it is widely believed that the fate of the consumers cannot be left to the market forces. In view of this the Government of India has taken a number of legal

measures to protect the consumers by enlarging the scope of consumer protection. Of the various legal remedies, the Consumer Protection Act, enacted on 24th December 1986 is the principal legal remedy available to the consumers. This is an important Act which seeks to provide better protection of the interests of the consumers.

In India, consumer protection is specified in the Consumer Protection Act, 1986 which is a benevolent social legislation that lays down the rights of the consumers and provides for their protection. The first and the only Act of its kind in India, it has enabled ordinary consumers to secure less expensive and often speedy redressal of their grievances. By spelling out the rights and remedies of the consumers in a market so far dominated by organized manufacturers and traders of goods and providers of various types of services, the Act makes the dictum, caveat emptor ('Buyer Beware') a thing of the past.

The Act mandates establishment of Consumer Protection Councils at the Centre as well as in each State and District, with a view to promoting consumer awareness. Under this law, separate Consumer Dispute Redress Forums have been set up throughout India in each and every district in which a consumer can file his complaint on a simple paper with nominal court fees and his complaint will be decided by the Presiding Officer of the District Level. The complaint can be filed by both, the consumer of goods as well as of the services. An appeal could be filed to the State Consumer Disputes Redress Commissions and after that to the National Consumer Disputes



**How to file a Consumer Complaint?**  
A complaint can be filed on a plain paper in any consumer court. It should contain the name description and address of the complainant and the opposite party.

Redressal Commission (NCDRC). The procedures in these tribunals are relatively less formal and more people friendly and they are also part of the Indian Contract Act, 1872 which lays down the conditions in which promises made by parties to a contract will be legally binding on each other. It also lays down the remedies available to the aggrieved party if the other party fails to honor his promise.

### Need for Consumer Education in Rural Areas

The need for consumer education has increased over time as today the consumers operate in an increasingly complex marketplace and are faced with increasing amounts of information and an expanding choice of complex products and services. As a consequence, they are more exposed to fraud and require a wider range of skills and knowledge than ever before. According to Wells and Atherton, consumer education can be defined as: "a process of gaining skills, knowledge and understanding needed by individuals in a consumer society such that they can make full use of consumer opportunities presented in today's complex marketplace."

### Framework for Consumer Education in Rural Areas

Since 1986, consumer education and awareness has attracted the attention of the Government of India. The laws can only give certain rights to the consumers, but its functioning

and implementation largely depends on the awareness efforts of the consumers themselves. The problem is more acute in the rural areas. In fact, an educated and aware person is an empowered consumer. Education equips a person with the skill to make discerning choices, to sort out problems effectively and to seek further information and help appropriately.

Research reports of National Commission for Applied Economic Research have revealed that the rural growth rates have already outpaced urban ones and will continue to do so through the next decade. Out of 62.97 million households of India that are getting more than 5 lakhs per annum, nearly 28.68 million households (46 per cent) live in Rural India. The rural market in India is projected to be bigger than the urban market for fast moving consumer goods; rural consumption expenditure is accounted for around 60 percent of the country's total consumption expenditure. Hence, it is imperative to analyse the social, legal and other measures taken in rural areas to protect the interest of consumers, as more and more companies will try to sell their goods and products in rural markets. The rural consumers need to be educated about their rights and adequate steps are taken to ensure that they get the value for their money as consumers.

Market players and stakeholders actively involved in consumer education include:

- Consumer organizations and other civil groups whose objective is to promote consumer education.
- Industry and trade associations and individual companies.
- Universities and educational institutions.
- Teachers' associations, practitioners, teachers and instructors.
- Family and parent's associations.
- Media as the scope of consumer education has broadened and become more proactive, more groups have been involved and there has been a greater focus

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<b>Wheat Products</b>	Wheat Atta, Maida, Suji etc.
<b>Milk Products</b>	Ghee, Creamery, Butter etc.
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on influencing consumption behaviour in more conscious and critical ways.

### Misleading Advertisements and Role of Media

The media has a greater responsibility towards the vulnerable sections of the society including the rural consumer. Rural consumers today have access to diverse media with the advent of modern technology. Advertising is one of the major sources of information about newly introduced products.

Due to the entry of a large number of players in the rural market and also due to stiff competition there are large numbers of misleading advertisements in the print and electronic media

resulting in exploitation of the consumers. The advertising firms are studying consumer behaviour to design effective communication strategies without caring for the welfare of the consumer. In most rural areas, there is considerable awareness about latest products that are available in the market. This has been possible due to the penetration of cable and satellite channels.

There are no effective sanctions against misleading advertisements. It needs to be emphasized that the poor, uneducated consumers in the rural areas are most likely to be harmed. World Development Report notes that "information problems are often at the core of the difficulties that poor people in developing countries encounter in

their daily struggle to survive and to improve their lives". The government and its various agencies need to counter the misleading claims of the producers/service providers.

**Jago Grahak Jago** has been an important medium to communicate with the consumers. However, to communicate effectively with the rural audiences, we need to improve further. It is important to understand the aspirations, fears and hopes of rural consumers. Although the reach of television in rural India is high, frequent power cuts restrict viewing time considerably. However, rural India has high ownership of transistor radios and these can be expected to become a popular medium for reaching the rural masses. A television channel for farmers, DD Kisan, which would provide information about best agricultural practices and related content, to mark the completion of the government's first year in office had been launched in May, 2015. The DD Kisan channel mandate is to keep an eye on and inform farmers about the changes in weather, global markets etc., so they can plan ahead and take the right decisions well in time. The Kisan channel is an attempt to reach the knowledge to farmers through farmers as it has become necessary to bring a big change in agriculture.

Moreover, we also need to have an effective regulator for advertisements so that the consumers are not misled

by claims and counter-claims. The Consumer Protection Act, 1986 gives a comprehensive definition of unfair trade practice. The consumer courts have given some excellent orders in this area, but they cannot deal with misleading advertisements as the consumer court neither has the power nor the infrastructure to investigate, suo motu into misleading advertisements nor take up such cases on their own as was done by the MRTPC. The ASCI also has not been an effective regulator. Now that MRTPC has ceased to exist, we need to think of some mechanism to check misleading advertisements.

### Tackling Adulteration

In 1986, the Central government had amended the Prevention of Food Adulteration Act and authorised every citizen to become a food inspector and participate in the task of food safety. But it failed to implement much-needed citizen capacity building measures. So consumers continued to be at the mercy of the food regulator. Recourse lies only in an honest endeavour by the regulators to empower our 1.3 billion consumers. According to the Food Safety & Standards Authority of India, daily use foodstuffs that are most prone to adulteration and contamination include milk products (khoya, butter, ghee, milk-based sweets), pulses like arhar and rajma, mustard oil, groundnut oil, poultry and meat, and fruits and vegetables. Adulteration is rampant in products

sold loose. Packaged products from national brands are likely to be safer, since companies are more concerned about their reputation and brand loyalty. Even the word adulteration is not to be found in the Food Safety and Standards Act. The Act talks about safe foods, sub-standard and unsafe foods. One can simply pay a fine and get off the hook unless the product is deemed unsafe.

### Enforcement failure

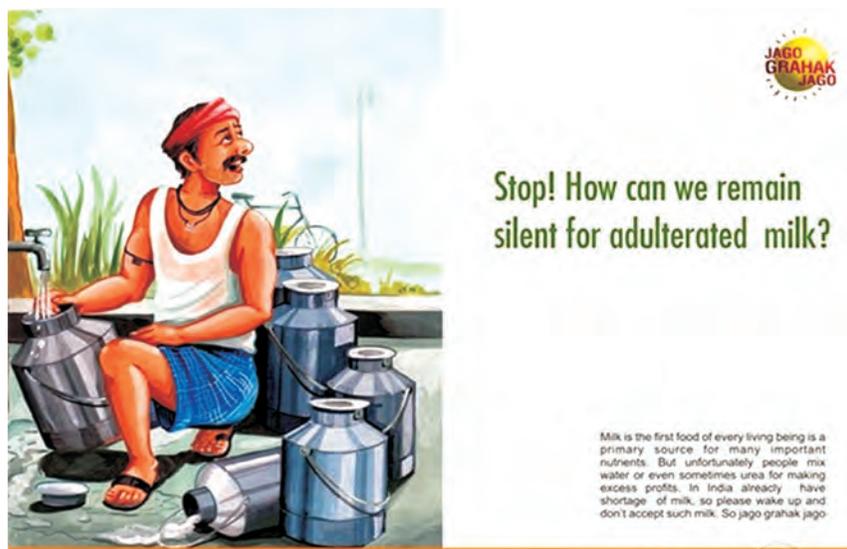
After the Food Safety and Standards Act came into force, though a separate set-up came into being to check food standards, the very same officials of various local bodies have been implementing the norms. Consumer activists feel that the department is failing at enforcement. 97 per cent consumers do not perform essential checks. Consumers must check fruits and vegetables for freshness, cleanliness, cuts, bruises and ripeness. It is important check the seal and expiry date of canned and bottle foodstuffs, FPO, ISI or AGMARK and ensure the lid is dent-free and bulge-free.

### Creating awareness through a Internet & IT

The Cabinet has approved 'Pradhan Mantri Gramin Digital Saksharta Abhiyan' or PMGDISHA to make six crore rural households digitally literate. The outlay for the project is Rs. 2,351.38 crore. The programme aims to usher in digital literacy in rural India by March 2019.

This development follows the announcement made by Finance Minister in the Union Budget 2016-17. PMGDISHA is expected to be one of the largest digital literacy programmes in the world. As many as 25 lakh candidates will be trained in FY 2016-17, 275 lakh in FY 2017-18 and 300 lakh candidates in FY 2018-19.

Further, to ensure equitable geographical reach, each of the 250,000 gram panchayats in the country will be expected to register an average of 200-300 candidates. Digitally literate persons would be able to operate computers and digital access devices such as tablets and smart phones, send



and receive emails, browse internet, access government services, search for information, undertake cashless transactions, among other things. The implementation of the scheme would be carried out under the overall supervision of Ministry of Electronics and IT in active collaboration with States/UTs through their designated state implementing agencies, District e-Governance Society (DeGS), etc, the statement added. As per the 71st NSSO Survey on Education 2014, only 6 per cent of rural households have a computer, highlighting that more than 15 crore rural households do not have computers and a significant number of these households are likely to be digitally illiterate.

Digital literacy and reliable access to internet are the two sides of the Digital India coin. Achieving both would be essential for success. In line with the Government push on cashless transactions through mobile phones, the course content would have an emphasis on using Digital Wallets, Mobile Banking, Unified Payments Interface (UPI), Unstructured Supplementary Service Data (USSD) and Aadhaar Enabled Payment System (AEPS) and other digital payment platforms.

The Ministry of Electronics and Information Technology (MeitY), the ministry in charge of 'e-Development of India' will supervise the implementation of the Scheme, working in collaboration with the designated State Implementing Agencies, District e-Governance Society (DeGS), etc in the States and Union Territories.

In August 2014, the Indian government had launched the National Digital Literacy Mission (NDLM), under the Department of Electronics and Information Technology, which was moved from Ministry of Communications and Information Technology in 2016 and converted to a new ministry, MeitY. The implementation is through partners such as National Association of Software and Services Companies (NASSCOM), Intel and HP. Training is provided free of charge to individuals below the poverty line,

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- Delhi Transport Authority, Rajpur road, Delhi-110054, Ph: 23971019, 23971023
- Udyog Sadan, Patparganj Industrial Area, Delhi, Ph: 22166842, 22166843
- State Consumer Disputes Redressal Commission, Vikas Bhawan, I.T.O New Delhi 1100002, Ph: 23379074
- Ambedkar Bhawan, Sector-16, Rohini, Delhi-110085
- Consumer Dispute Redressal Forum II, G.N.C.T of Delhi, Udyog Sadan, C-22 & 23, Qutub Institutional Area, Behind Qutub hotel New Delhi, Ph: 26513307
- Deputy Commissioners Office, Nand Nagri, Near Consumer Forum, Delhi, Ph: 22599413
- Consumer Dispute Redressal Forum, Kasturba Gandhi Marg, New Delhi, Ph: 23381759

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or email : [director.adr@gmail.com](mailto:director.adr@gmail.com)

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scheduled castes and scheduled tribes, while a nominal fee is charged for the rest.

The objective is to make one person from every family digitally literate. It had an initial target of providing digital literacy to 5.25 million people, with focus on grassroots level government employees, such as Anganwadi workers (community health workers focusing on mother and child care) and authorised ration dealers (subsidised public distribution system of staple food grains). The initial target has already been achieved according to the NDLM website. Currently, the numbers displayed are 10 million enrolments, 8.27 million trained candidates and 5.4 million certified candidates. This new scheme, PMGDISHA, appears as the next stage in improving digital literacy.

While the rural consumers' needs at different points in the purchase cycle are evolving, they are also quite different from those of their urban counterparts. There is a need to develop products and services that address the unique needs of rural consumers and innovate on the mobility platform to drive awareness for products and services which increase their physical as well as mental wellbeing

The welfare of the consumers lies in the fulfilment of their legitimate expectation with regards to the goods they purchases and the services they avail. In India consumer protection laws are in place but the consumers are not aware of them and the mechanism in place to redress their grievances. There are a number of steps taken to protect the rural consumer but without much impact due to the prevailing socio

- economic conditions. They generally base their purchasing decisions on the advertisement campaigns and promotional strategies employed by the media and are unable to redress their grievances when cheated.

Consumer organizations and similar civil society groups have an important role to play in consumer education. They have the means to provide consumers with information and help them to make informed choices. Consumer information needs to be available at the right time and in the right place before or when purchasing decisions are made. It is also time to consider consumer education as part of the school and college curriculum.

There is also a need for the effective implementation of various provisions of the legislations enacted to protect the consumers from fake and adulterated products from entering the markets so that the consumers interests could be safeguarded.

### Strengthening Redressal Mechanism

Redressal of complaints is a major concern for consumers. Having a right to access the redressal mechanism is of prime importance. For the right to redress to have a practical value, a mechanism must exist to ensure that it can be exercised effectively. If consumer confidence is to be built up they need assurances that if things go wrong they can seek redressal.

### Panchayati Raj Institutions

To reach the rural consumers, it is imperative to involve the Panchayati Raj institutions in not only educating consumers but also ensuring that fake and spurious products are not sold in the rural markets. These institutions can play a meaningful role in consumer protection and consumer welfare and this has been recognised by the policy makers.

### Conclusion

While there are several mechanisms

in place and initiatives already being taken by Government of India and civil society, a blue print for creating awareness in rural India has to be created involving Panchayats, Government functionaries, civil society, media, IT technology experts and accelerating the spread of education. Encouraging housewives and girls to read and understand logos and information on household commodities, involving Panchayat functionaries in helping villagers file complaints with local authorities or at the district level, training in using internet technology and basic devices, improving internet penetration and connectivity, building good quality roads and telecommunications to ensure timely delivery of perishable commodities, ensuring local participation in governance are all building blocks to creating a more healthy and aware rural economy in India. □

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## Cabinet approves the establishment of the National Anti-profiteering Authority under GST

The Union Cabinet chaired by the Prime Minister has given its approval for the creation of the posts of Chairman and Technical Members of the National Anti-profiteering Authority (NAA) under GST, following up immediately on the recent sharp reduction in the GST rates of a large number of items of mass consumption. This paves the way for the immediate establishment of this apex body, which is mandated to ensure that the benefits of the reduction in GST rates on goods or services are passed on to the ultimate consumers by way of a reduction in prices.

The establishment of the NAA, is one more measure aimed at reassuring consumers that Government is fully committed to take all possible steps to ensure the benefits of implementation of GST in terms of lower prices of the goods and services reach them.

The "anti-profiteering" measures enshrined in the GST law provide an institutional mechanism to ensure that the full benefits of input tax credits and reduced GST rates on supply of goods or services flow to the consumers. This institutional framework comprises the NAA, a Standing Committee, Screening Committees in every State and the Directorate General of Safeguards in the Central Board of Excise & Customs (CBEC).

Affected consumers who feel the benefit of commensurate reduction in prices is not being passed on when they purchase any goods or services may apply for relief to the Screening Committee in the particular State. However, in case the incident of profiteering relates to an item of mass impact with 'All India' ramification, the application may be directly made to the Standing Committee. After forming a prima facie view that there is an element of profiteering, the Standing Committee shall refer the matter for detailed investigation to the Director General of Safeguards, CBEC, which shall report its findings to the NAA.

In the event the NAA confirms there is a necessity to apply anti-profiteering measures, it has the authority to order the supplier / business concerned to reduce its prices or return the undue benefit availed by it along with interest to the recipient of the goods or services. If the undue benefit cannot be passed on to the recipient, it can be ordered to be deposited in the Consumer Welfare Fund. In extreme cases, the NAA can impose a penalty on the defaulting business entity and even order the cancellation of its registration under GST.

The constitution of the NAA shall bolster confidence of consumers as they reap the benefits of the recent reduction in GST rates, in particular, and of GST, in general.



### TOURISM SPOT AT SUCHETGARH IN JAMMU PROPOSED

India's sensitive International Border (IB) with Pakistan may soon turn into a tourist hot spot at Suchetgarh in Jammu. Parades similar to those held at Wagah border will be performed by Border Security Force personnel. Not just that, to attract more tourists, there are plans to build a Warrior Museum, restaurants and cafeterias, a 5-D theatre, etc.

The 192-km International Border in Jammu has witnessed unprecedented ceasefire violations from Pakistan since 2003, after truce was announced. Scores of civilians and security force personnel have died in the cross border firing and shelling along the International Border.

Jammu and Kashmir government plans to boost border tourism specifically in the Suchetgarh area because it is relatively more peaceful compared to the other sectors along the IB. The historic Octroi post is located here. The cynosure of the tourism plan remains the Wagah-style parade by BSF troops. The state government has plans to erect a gallery for the viewers, too, so that their experience is akin to that at Wagah. Estimated to cost around Rs 7 crore, the border tourism project is touted to be completed by March 2019. Under the project, the heritage octroi post is being developed and a museum-cum-gallery housing war artifact is being set up at Suchetgarh. Official figures reveal that around 500 to 1,000 people visit Suchetgarh border every day. During Amarnath Yatra, a bus service for border tourism on an experimental basis and it gained popularity.

### PROTECTION AND PRESERVATION OF WILDLIFE

Jammu and Kashmir government has prioritized the protection and preservation plan of forests and wildlife by taking up systematic demarcation of forest and wildlife land across the state. The government has initiated a process of demarcating the Forest and Wildlife land across the State and decided to take strict action against the encroachers. The vulnerable areas in the forests are being demarcated on priority and government is keeping a strict vigil over the forests and protected wildlife areas of the State.

### DISASTER MANAGEMENT TRAINING

A two day training programme for Rope Rescue Equipments Usage during Disaster and other emergencies was organized in Jammu recently.

The programme was organised by Directorate of State Disaster Response Force (SDRF). During the programme, the SDRF Personals were introduced to new equipments and rescue techniques besides different types of demonstrations were given to them. The main focus of the training was to enhance the efficiency and capability of SDRF Personals.

### FIRST PROJECT UNDER LADAKH RENEWABLE ENERGY INITIATIVE

The Biaras Small Hydro Power Project (SHP) of 1.5 MW capacity, in Biaras Drass, Kargil Jammu & Kashmir, was commissioned on 4th November 2017. The total cost of the project, fully funded by the Ministry of New & Renewable Energy, is Rs. 17 crores and this is the first project to be commissioned under the Prime Minister's Ladakh Renewable Energy Initiative (LREI).

The plant will power the Drass town in Kargil, which is one of the coldest places in India. Power from Biaras SHP would be sufficient to meet normal power requirement of about 1000 families, which would make them comfortable in the extreme winter season. The project has been developed by Kargil Renewable Energy Development Agency (KREDA) under Ladakh Autonomous Hill Development Count.

## Quality Assurance for the Consumer



“A customer is the most important visitor on our premises...” Mahatma Gandhi. The customer is the foundation of any organization’s success. One of the primary goals of any organization’s strategy should be to identify and meet the needs of the consumer. Considering customer importance at all stages of an organization’s processes helps to ensure greater customer satisfaction and achieve its long-term goals.

India has a large population which creates a large market to every manufacturing and marketing organization. The developing nature of the country and the multi economic strata population make it a haven for organizations of all types.

There is a need for consumers to be proactive to protect themselves and for the government to develop measures to protect the consumers.

Towards this goal, the visionaries of our country, on the eve of our independence, over seventy years ago, set up the Indian Standards Institution (ISI), registered under the

Societies Registration Act 1860, as the National Standards Body of India. The mandate of the ISI was to prepare and promote Standards for adoption by Indian industry. Later, the mandate was expanded to include Product Certification activity through the Indian Standards Institution (Certification Marks) Act, 1952.

With the economy and industry growing with leaps and bounds, the Indian Standards Institution was rechristened as the Bureau of Indian Standards, in 1987, through the BIS Act 1986. The success, popularity and growth of the organization and the changing market environment has necessitated the promulgation of the BIS Act 2016.

BIS, apart from making Standards available, has been providing tangible benefits to the national economy in a number of ways - providing safe, reliable, quality goods; minimizing health hazards to consumers; promoting exports and imports substitute; control over proliferation of varieties etc. through standardization, certification and testing.

BIS, while ensuring the above, developed a mechanism to assure optimal quality for consumers through its various activities listed below:

- Standards Formulation
- Product Certification Scheme
- Compulsory Registration Scheme

- Foreign Manufacturers Certification Scheme
- Hall Marking Scheme
- Laboratory Services
- Laboratory Recognition Scheme
- Sale of Indian Standards
- Consumer Affairs Activities
- Training Services, National and International level
- Information Services

These are carried out through its Headquarters at New Delhi, its five Regional Offices (ROs) at Kolkata (Eastern), Chennai (Southern), Mumbai (Western), Chandigarh (Northern) and Delhi (Central) and the Branch Offices (BOs) located across various states. These field offices under the five regions, offer certification services to the industry and serve as effective link with State Governments, industries, technical institutions and consumer organizations.

The Conformity Assessment for products is operated through the following Schemes:

A. The Product Certification Scheme of BIS aims at providing Third Party Guarantee of quality, safety and reliability of products to the customer. Presence of ISI certification mark, known as Standard Mark, on a product is an assurance of conformity to the specifications. The conformity is



ensured by regular surveillance of the licensee's performance by surprise inspections and testing of samples, drawn both from the market and factory. The manufacturer is permitted to self-certify the licenced products after ascertaining its conformity to the Standard. Through its surveillance operations, the Bureau maintains a close vigil on the quality of certified goods.

Although, the scheme itself is voluntary in nature, the Government of India, on considerations of public health and safety, security, infrastructure requirements and mass consumption has enforced mandatory certification on various products through Orders issued from time to time under various Acts. While BIS continues to grant licences on application, the enforcement of compulsory certification is done by the notified authorities. LPG gas cylinders, regulators and valves are certified through such schemes mandatorily. The list of mandatorily certified products is available at the BIS website.

### Hallmarking Regulations Under the New BIS Act 2016

That Department of Consumer Affairs is working on bringing Hallmarking regulations under the new BIS Act 2016. There has also been revision of the standards on gold jewellery with only three categories i.e, 14, 18 and 22 Karats/ Carats under Hallmarking.

A pre standardization report regarding Unified, Secure & Resilient ICT Backbone for Smart Cities also released. National Standards make the smart cities work safely and smoothly. Besides, it provides important guidance for all aspects of city life, including energy-efficient buildings, intelligent transportation, and improved waste management, thereby builds sustainable communities.

#### WHAT JEWELLERY HALLMARKING DENOTES



B. Hallmarking is the accurate determination and official recording of the proportionate content of precious metal in precious metal articles. The principal objectives of the Hallmarking Scheme are to protect the public against adulteration and to obligate manufacturers to maintain legal standards of fineness. In India,

at present two precious metals namely gold and silver have been brought under the purview of Hallmarking. The BIS Hallmarking Scheme has been aligned with International criteria on hallmarking. As per this scheme, licence is granted to the jewellers by BIS under Hallmarking Scheme. The BIS certified jewellers can get their jewellery hallmarked from any of the BIS recognized Assaying and Hallmarking Centres. The recognition of an Assaying and Hallmarking Centre is done against IS 15820:2009.

C. The Ministry of Electronics and Information Technology (MeitY) has notified through the Electronics and Information Technology Goods (Requirement for Compulsory Registration) Order, over 30 electronic items for their safety requirements. Bureau of Indian Standards (BIS) is operating Compulsory Registration Scheme (CRS) for the above Electronics and IT Goods.



**Do you know...  
Purity on Hallmark  
Gold Jewellery is marked in  
carat also?**

**Look for purity in carat  
along with fineness**

22K916 for 22 carat	18K750 for 18 carat	14K585 for 14 carat
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**Bureau of Indian Standards**  
9 Bahadur Shah Zafar Marg, New Delhi 110002  
www.bis.gov.in

**Table : List of BIS Links**

Sl. No.	Type of query/ Information required.	Link	Details
1	To identify the Standard	Locate your Standards > Search for Standards	On the left Menu bar on the BIS Website, below RTI, on clicking 'Locate Your Standards', it leads to a page 'Search for Standards', which provides information on existing standards with details, standards against which licences are granted and an option for 'Buy'.
2	To access the details of licence/licensee for a particular product.	Locate your Standards > Search for Standards >> (Click on the number given under No. of licences)	While on the above page, the details of licences /licenees can be accessed by clicking the number given under 'No. of licences'.
3	To access the details of licence/licensee/ Applicants and status for a particular product.	Product Certification > Online information >> Application /licence Related.	From the top Menu bar on the BIS website, there is a tab of 'Product Certification'. On clicking this, a submenu appears. In this, one has to go to 'Online information' and click. After that one has to go to 'Application/Licence Related' and click. On clicking this, a submenu appears, out of which 'List of Licences (Buyer's Guide)', 'Status of Licences' and 'Know your products/ IS No.' are particularly useful for a consumer.
4	For Complaints regarding BIS Standard marked products and other services.	For Consumers > Online Complaint Registration	On the top Menu bar on the BIS website, there is a tab of 'For Consumers'. Under this tab, a submenu of Overview is given which describes the procedure for complaints lodging. Under Online Complaint Registration, a consumer can get himself registered at the BIS website, to provide his contact details and he can register an online complaint on the site.

record their complaints, BIS through its website has been providing self-check methodologies for its various stakeholders through various links on the BIS website (See Table).

BIS has also developed a consumer friendly Mobile application called CARE, available on the BIS

website/Google Playstore, which can be downloaded on a smart phone having Android or iOS platform. This application can be used to access the information and lodge a complaint against an ISI Marked product/ Hallmarked item.

Thus, BIS is striving to make

available quality products to the consumers. It has also made available proactive methodologies which help the consumer do the self-check for the BIS certified products and services, through its website/ Mobile applications and satisfy themselves with respect to BIS Certified products. □

### The Real Estate (Regulation and Development) Bill

The Real Estate (Regulation and Development) Bill was passed by the Rajya Sabha on 10th March, 2016 and by the Lok Sabha on 15th March, 2016

The Real Estate Act, 2016 aims at protecting the rights and interests of consumers and promotion of uniformity and standardization of business practices and transactions in the real estate sector. It attempts to balance the interests of consumers and promoters by imposing certain responsibilities on both. It seeks to establish symmetry of information between the promoter and purchaser, transparency of contractual conditions, set minimum standards of accountability and a fast-track dispute resolution mechanism.





# Customer Satisfaction: Mantra of Banking Management

*Dibakar Lenka*



*The customer has a right to hold the financial services provider accountable for the products offered and to have a clear and easy way to have any valid grievances redressed. The provider should also facilitate redressal of grievances stemming from its sale of third party products. The financial services provider must communicate its policy for compensating mistakes, lapses in conduct, as well as non performance or delays in performance, whether caused by the provider or otherwise. The policy must lay out the rights and duties of the customer when such events occur. The banks will no longer be able to wash their hands off the responsibility once the product is sold*

**T**he basic rights of the customers of the banks are regulated by the Reserve Bank of India. It spells out the rights of the customer and also the responsibilities of the bank. The rules apply to all products and services offered by the bank. If the customer feels that the bank has been unfair to him by making investment in an unsuitable product, there is a right of redressal. The RBI framed a Charter of Customer Rights specifying five basic rights that bank customers enjoy. The RBI has also advised the Indian Banks' Association (IBA) and the Banking Codes and Standards Board of India (BCSBI) to formulate a 'Model Customer Rights Policy' based on the charter's principles. These measures would ultimately strengthen the customer service framework. In case a bank violates any right as laid down by the RBI, customers can approach the customer services division of the apex bank. Customer has wide choice of different forums to put his grievances for suitable redressal starting from bank's own controlling office to Banking Ombudsman at RBI.

## Various Rights of the Customer

### 1. Right to fair treatment

Both the customer and the financial services provider have a right to be treated with courtesy. This right

prohibits banks from discriminating against customers on grounds of gender, age, religion, caste and physical ability while offering products and services. Banks can, however, continue to offer differential rates of interest or products to customers. However, the financial services provider may have certain special products which are specifically designed for members of a target market group or may use defensible, commercially acceptable economic rationale for discriminating between its customers. Bank may also have schemes or products as a part of an affirmative action such as for women or backward classes. Such schemes will not be tantamount to unfair discrimination. The rationale for such special schemes or terms will be explained by the bank wherever required.

In pursuance of the above right, the bank shall-

- Promote a fair and equitable relationship between the bank and the customer
- Ensure that staff members attend to customers and their business promptly and courteously.
- Treat all customers fairly without any discrimination
- Ensure that the products and services offered are in accordance with relevant laws and regulations.

## 2. Right to Transparency, Fair and Honest Dealing

It is expected that the language in bank documents will be simplified and transparent. The financial services provider should make every effort to ensure that the contracts or agreements it frames are transparent, easily understood by and well communicated to the common person. The product price, the associated risk, the terms and conditions that govern use over the product's life cycle and the responsibilities of the customer and financial service provider, should be clearly disclosed. The customer should not be subject to unfair business or marketing practices, coercive contractual terms or misleading representations. Over the course of their relationship, the financial services provider can not threaten the customer with physical harm, exert undue influence, or engage in blatant harassment.

In pursuance of the above right, the bank shall-

- Ensure that the bank's dealings with the customer rest on ethical principles of equity, integrity and transparency.
- Provide customers with clear information about its products and services, terms and conditions, interest rate, charges in simple and easily understandable language.
- Make known the key risks associated with the product as well as any features that may especially be of disadvantage to the customer.
- Display the tariff Schedule on their website and a copy of it will be made available at every branch for perusal of the customer.
- Inform the customer of any change in the terms and conditions through a letter or statement of account, SMS or email as agreed by the customer at least one month prior to the revised terms and conditions becoming effective.



- Provide information about the penalties leviable in case of non-observance of any of the terms and conditions governing the product and service chosen by the customer.
- Display in public domain the Bank's Policies on Deposits, Cheque collection, Grievances redressal, Compensation and collection of Dues and Security Repossession.
- Communicate unambiguously the information about discontinuation of particular products, relocation of offices, change in telephone numbers and closure of any office or branch.
- Not terminate a customer relationship without giving reasonable or contractual prior notice to the customer.
- Assist the customer in all available ways for managing the accounts of the customers.
- Not threaten the customer with physical harm, exert influence or engage in behavior that would reasonably be construed as unwarranted harassment.

## 3. Right to Suitability

Sometimes lured by higher commissions, sales officials tend to push products without ascertaining the suitability for the customer. For example, market-linked insurance

products to senior citizens who are looking for stable returns. With this charter coming into force, such officials might find it difficult to push sale. As per this charter, the products offered should be appropriate to the need of the customer and based on an assessment of the customer's financial circumstances and understanding.

In pursuance of the above right, the bank must-

- Ensure that it is board approved policy for assessing suitability of products for customers prior to sale.
- Endeavour to make sure that the product or service sold or offered is appropriate to the customer's need and befitting to financial standing of the customer.
- Sell third party products only if it is authorized to do so.
- Not compel a customer to subscribe to any third party product.
- Inform the customer about his responsibility to promptly and honestly provide all relevant information that is sought by the bank to enable them to determine the suitability of the product to the customer.

## 4. Right to Privacy

Customer's personal information should be kept confidential unless

they have offered specific consent to the financial services provider or such information is required to be provided under the law or it is provided for a mandated business purpose (for example, to credit information companies). The customer should be informed upfront about likely mandated business purposes. Customer has right to protection from all kinds of communications, electronic or otherwise, which infringe upon their privacy.

- Bank to treat customer's personal information as private and confidential. As a general rule, Bank should not disclose such information even if the customer is no longer banking with that bank. But Bank may disclose the same when the customer has authorized the bank in writing, disclosure is compelled by law/regulation, for public interest, to protect bank's own interest and for regulatory mandated business purpose.
- Shall not use or share customer's personal information for marketing purpose.

#### 5. Right to Grievance Redressal and Compensation

The customer has a right to hold the financial services provider accountable for the products offered and to have a clear and easy way to have any valid grievances redressal. The provider should also facilitate redressal of grievances stemming from its sale of third party products. The financial services provider must communicate its policy for compensating mistakes, lapses in conduct, as well as non performance or delays in performance, whether caused by the provider or otherwise. The policy must lay out the rights and duties of the customer when such events occur. The banks will no longer be able to wash their hands off the responsibility once the product is sold.

In pursuance of the above right, the bank must-



- Deal sympathetically and expeditiously with all things that go wrong
- Correct mistakes promptly
- Cancel any charge that has been applied wrongly and by mistake
- Compensate the customer for any direct financial loss that might have been incurred by the customer due to its lapses.

Besides these, the bank will also:

- Place in public domain the grievances redressal procedure available for the customer and the rules of compensation to the customer for any mistakes.
- Make grievance redressal mechanism easily accessible to customers
- Advise the customer about how to make a complaint, to whom such complaint is to be made and expected period of reply.
- Display name, address and contact details of Grievance Redressal Authority and time limit for resolution of such complaint.
- Inform the complainant of the option to escalate his complaint to the Banking Ombudsman if the complaint is not redressed within the preset time.
- Acknowledge all formal complaints including complaints lodged through electronic means within

three working days and work to resolve it within a reasonable period not exceeding 30 days. These 30 days will be reckoned after all the necessary information sought from the customer is received.

#### Complaint Redressal Process

Customer complaints are part of the business life of any corporate entity. This is more so for banks because banks are service organizations. For service organizations, customer service and customer satisfaction are the prime concern. The Bank believes that providing prompt and efficient service is essential not only to attract new but also to retain existing ones.

#### What is a Complaint?

It is the gap between customer's expectations and the actual value delivered by the products or services. In general, a complaint is an expression of displeasure.

#### Complaint is an Opportunity

Unspoken dissatisfaction is the most damaging to any business. A complaint creates the scope to rectify the situation and to regain the customer's goodwill and create a basket of opportunities.

#### Approaches to Complaint

- Listen to the customers problems

- Identify the important points
- Sympathize
- Show empathy
- Thanks the customer
- Explain what can be done
- Act quickly

### Complaints Management Process

In order to obtain value from a complaints management process, there are four key areas that must be considered.

#### A. Classify Customer Complaints

As individual complaints are recorded, the nature of the complaint, along with the product or service the complaint is about, requires classification.

- Complaints that violate regulatory laws
- Complaints of Internal bank policies and procedures
- Complaints related to customer service issues.

#### B. Analyze the Trends

Once complaints are classified, the data should be analyzed and reported on a regular basis. The goal of analysis is to identify trends that occur with front-line service delivery. This is done with an eye to both regulatory matters, and those that help improve customer experiences. Through internal Ombudsman, it is to be reported to board of directors

on a semi-annual basis. This ensures complaints management activities receive senior executive attention and accountability.

#### C. Take Management Action

With issues identified, actions must be taken to improve front-line service delivery. This may include updating customer service standards, improving communications, or providing additional training to staff on products and services.

#### D. Improve Complaint Process

Although a complaints management process may exist, it is important to know how well it is working. Ask key questions of customers who use the system. This will identify areas for improvement. This will not only help to retain business, but will also reduce the damage that negative 'word of mouth' has with existing or potential customers.

Over the years, customer feedback has become a much more important indicator. Similarly, the way in which customers' concerns and expectations are subsequently handled speaks about a bank's ability to attract and retain customers. Log into your complaints management system or social media to hear the 'voice of your customers', and really find out how well bank is performing.

#### Magnitude of Bank's Customer Complaints

The number of complaints received

under the Banking Ombudsman Scheme (BOS) has increased from 4,994 in the year 1999/2000 to 1,02,894 in 2015/16. Compared to the previous year, there was a 21 per cent increase in the complaints received in the office of the banking ombudsman (OBOs) during 2015/16. This is the highest number of complaints received since the inception of the scheme. However, it managed to dispose 101148 (95 per cent) of the complaints as on June 30, 2016. (Table 1)

The Reserve Bank of India (RBI) has allowed consumers to lodge complaints against banks for non-adherence to norms related to electronic banking services, including those provided on mobile phones, under the banking ombudsman scheme, its cost-free dispute resolution mechanism. The central bank has also allowed customers to file complaints against banks for deficiencies arising out of sale of third party products such as insurance policies and mutual fund schemes sold by banks. The banking ombudsman has now been powered to pass an award of Rs 20 lakh, as against the earlier threshold of Rs10 lakh. The ombudsman can also give a consumer up to Rs1 lakh as compensation for loss of time, expenses incurred and mental anguish suffered during fighting the case.

#### Complaint Management System

In Compliance with the code of Bank's commitment to customers, banks have adopted Grievance

**Table 1 - Profile of customer complaints handled by OBOs**

Particulars	2013-14	2014-15	2015-16
Complaints brought forward from previous year	5479	3307	3778
Complaints received	76573	85131	102894
Total No of complaints handled	82052	88438	106672
Complaints disposed	78745	84660	101148
Complaints pending at the end of the year	3307 (4%)	3778 (4%)	5524 (5%)

Source: RBI site

*RBI includes complaints against electronic banking services under Ombudsman scheme*

Redressal Policy. This policy is based on the Model Policy devised by Indian Banks' Association and suggestions incorporated by the BCSBI (Banking Codes & Standard Board of India).

### Key Areas

1. Internal machinery to handle customer complaints.
  - a) Customer Service Committee of the Board
  - b) Standing Committee on Customer Service
  - c) Nodal Officer & other designated officers to handle complaints.
  - d) Internal Ombudsman
2. Customer Care Unit to further strengthen its grievance redressal machinery.
3. Mandatory display requirements.
4. Avenues for escalation of complaint/grievances.
5. Time frame for resolution of grievances.
6. Interaction with customers.
7. Sensitizing operating staff on handling complaints.

### Reasons of Customer Complaints:

- The attitudinal aspects of staff dealing with customers.
- Inadequacy of the arrangements made available to customers
- Gaps in standard of services expected and actual services rendered.

The customer has the right to register his complaint if he is not satisfied with the services provided by the Bank. He can give his complaint through the Grievances Online link on the Bank's website, through the Call Center, through email, in writing, orally or over telephone or through any other channels that maybe setup by the Bank. If the customer's complaint is not resolved within the given time or if he is not satisfied with the solution provided by the Bank, he can approach the Banking Ombudsman with his

complaint or make use of other legal avenues available for grievance redressal.

### Grievances Redressal Under Pradhan Mantri Jan Dhan Yojana (PMJDY)

PMJDY complaints are received in the following areas:

- a) Refusal by branch to open account under BSBDA/BSBDS category particularly under BSBDS category where KYC documents are not required
- b) Non received of RuPay card
- c) Non activation of RuPay cards at ATMs
- d) Accidental insurance claim settlement

With a view to prompt redressal of grievances relating to accounts under PMJDY, banks have to put in a separate grievance redressal mechanism.

### Wrong RTGS/NEFT credit

When it is not possible to credit the funds into the beneficiary's account for any reason that account does not exist, account frozen etc, funds will be returned to the sending bank on the same day. In case there is error on the part of bank staff while entering the account number in the payment message the amount will be immediately refunded on bring in it in to the notice of the branch. Branch Manager will be responsible for resolution of the complaints/grievances in all such cases in respect of the customers serviced in the branch. He would be responsible for resolving the grievances closure of the all complaints received at the branch in consultation with RTGS/NEFT cell.

### Conclusion

Customer is the king in any services industry. Effective complaint management is a top priority and is viewed by regulators as a key element of a strong Compliance Management

## Banking Ombudsman

The Banking Ombudsman is a senior official appointed by the Reserve Bank of India to redress customer complaints against deficiency in certain banking services covered under the grounds of complaint specified under Clause 8 of the Banking Ombudsman Scheme 2006. The Banking Ombudsman can receive and consider any complaint relating to the following deficiency in banking services, which include non-payment or inordinate delay in the payment or collection of cheques, drafts, bills etc., failure to provide or delay in providing a banking facility (other than loans and advances) promised in writing by a bank or its direct selling agents and levying of charges without adequate prior notice to the customer. There are some other services also under its periphery.

One can file a complaint with the Banking Ombudsman simply by writing on a plain paper. One can also file it online at <https://secweb.rbi.org.in/BO/precompltindex.htm> or by sending an [email](#) to the Banking Ombudsman.

*Source - RBI*

Programme. Customer rights and relevant Complaints create scope for business gain for the organization, the employees and the products and services. Winning customer's engagement is the mantra of Bank management.

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# Corridor Concept to Road Development

*G Raghuram*



*The recently announced Bharatmala Pariyojana is an attempt to bring back the corridor concept to road development*

**T**he recently announced Bharatmala Pariyojana is an attempt to bring back the corridor concept to road development. Though the National Highways Development Project (NHDP) also started with corridors (the Golden Quadrilateral (GQ), the North-South-East-West (NSEW) and others including port connectivity in various phases), over years, it had settled down to a package concept.

While a grand project of 83677 kms has been announced at a cost of Rs 6.92 lakh crore, the sharper focus is on 35800 kms at a cost of Rs 5.35 lakh crore. Interestingly, out of the 34800 kms of highways planned in phase I, 10,000 kms are a carry over from the NHDP.

The new 24800 kms have been arrived at based on OD (origin destination) surveys and traffic assessments at over 1500 points. While as a concept it is good, unfortunately, the OD survey carried out by RITES, the transport consultancy public sector under the Indian Railways, is dated at 2007. The traffic assessments are based on a combination of manual and automatic counts (including camera based) and highlight congestion areas.

Out of 24800 kms, 5000 kms are lane expansion and decongestion projects on the GQ and NSEW. Six laning of the GQ was a Phase in the

NHDP, which has been partially complete, but saw environmental clearance and land acquisition difficulties in many stretches with concessionaires pulling out of agreements. There are only 800 kms of expressways.

We need to look at lessons based on the experience so far.

- 1. Project selection:** There is an attempt in a scientific basis using origin destination traffic studies and specific segment traffic densities. For example, the East West corridor from Mumbai to Kolkata has emerged as an important one for four laning fully. The need was always there, but did not get attention in the NHDP both due to political reasons (which brought in the Saurashtra to Silchar EW corridor) and lack of an earlier through NH route (the Mumbai Kolkata was a combination of NH 3 and NH 6).
- 2. Execution mechanism and financing:** GQ started with EPC (after PPP could not take off, being the first major attempt at PPPs) followed by a strong push towards PPP for other corridors (especially when the idea of viability gap funding was brought in, along with the central road fund). However, revenue risks have been a matter of concern

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and so Hybrid Annuity Model has come in, where only construction and maintenance related risks are with the Concessionaire, while the Authority takes on the revenue risks. This is expected to be more attractive to the concessionaires. Government is also open to EPC, since there is a greater confidence in financing, given the ability to leverage central road fund and the toll revenue shares.

**3. Land acquisition and environmental clearances:**

These problems would remain and need to be addressed. Ideally, the concessionaire should be invited into a project on a 'plug and play' mode, with all clearances by the government(s) in place. One saving grace is that during the 2009-14 period, the land acquisition bill was passed, as also the stiffer environmental clearances, including one on forest conservation. This made it difficult for many concessions where the agreement was already signed, but the bills came as subsequent regulation. Hopefully, there may not be need for further regulations in this domain. However, 'plug and play' may still be a difficult ideal. Often, it is delays due to this that cause the 'corridor' sanctity to be broken and 'package' based execution creeps in.

**4. Bolder visioning:** While the GQ and NSEW were a bold vision, taking the key NH segments (GQ) and a national integration focus (NSEW), followed by the remaining phases of NHDP, there has been some fizzling out due to a variety of implementation issues, with many project segments ending up in litigation too. The current approach is to once again bring the commitment back to road development, with a recasting of project priorities. However, it could have been bolder, with more emphasis on expressways, much required to spur growth on key corridors. □

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**Bharatmala will provide NH linkage to 550 districts**

Highways works worth Rs 8 lakh crore are scheduled to begin before the end of 2018 under the Bharatmala Pariyojana according to an announcement by the Minister of Road Transport and Highways, Shipping, Water Resources, River Development Ganga Rejuvenation recently. Bharatmala is a new umbrella programme for the highways sector that focuses on optimizing efficiency of road traffic movement across the country by bridging critical infrastructure gaps.

Bharatmala will be a major driver for economic growth in the country, and help realize the Prime Minister's vision of a New India. The programme has been designed to bridge the gaps in the existing highways infrastructure so as to make the movement of man and material more efficient. Special attention has been paid to fulfill the connectivity needs of backward and tribal areas, areas of economic activity, places of religious and tourist interest, border areas, coastal areas and trade routes with neighbouring countries under the programme.



Bharatmala will give the country 50 national corridors as opposed to the 6 at present. With this, 70 – 80 percent of freight will move along NH as against the 40 percent at present. The programme will help to connect 550 Districts in the country through NH linkages. Currently, only around 300 Districts have NH linkages. Bharatmala will also have a positive impact on the Logistic Performance Index (LPI) of the country. Apart from this, the Minister said the programme will also help generate a large number of direct and indirect employment in the construction activity, the development of highways amenities and also as part of the enhanced economic activity in different parts of the country that will result from better road connectivity.

A total of around 24,800 kms are being considered in Phase I of Bharatmala. In addition, Bharatmala Pariyojana phase –I also includes 10,000 kms of balance road works under NHDP, taking the total to 34,800 kms at an estimated cost of Rs.5,35,000 crore. Bharatmala Phase I – is to be implemented over a five years period of i.e. 2017-18 to 2021-22. Components of Phase I and estimated expenditure are as follows:

Sl. No.	Components	Length -km	Outlay -Rs crore
a.	Economic corridors development	9,000	1,20,000
b.	Inter-corridor & feeder roads	6,000	80,000
c.	National Corridors Efficiency improvements:	5,000	100,000
d.	Border & International connectivity roads	2,000	25,000
e.	Coastal & port connectivity roads	2,000	20,000
f.	Expressways	800	40,000
	<b>Total:</b>	<b>24,800</b>	<b>385,000</b>
	Balance road works under NHDP	<b>10,000</b>	<b>1,50,000</b>
	<b>Total</b>		<b>5,35,000</b>

Bharatmala envisages improving the efficiency of the National Corridor (Golden-Quadrilateral and NS-EW corridor) by decongesting its choke points through lane expansion, construction of ring roads, bypasses/ elevated corridors and logistics parks at identified points. Around 5,000 kms of the National Corridor will be taken up in Phase-I of Bharatmala at an estimated cost of Rs 100,000 crore.

The programme has identified around 26,200 km of Economic Corridors or routes that have heavy freight traffic, of which 9,000 kms are being taken up for development in Phase-I at an estimated cost of Rs 1,20,000 crore. It is planned to develop these corridors end to end to ensure seamless and speedy travel and uniformity in standards. Besides this, around 8,000 km of Inter-Corridors and around 7,500 km of Feeder Corridors have also been identified under Bharatmala, of which around 6000 km will be developed in Phase I at an estimated cost of Rs 80,000 crore. Stretches of roads connecting more than 2 corridors are classified as Inter-Corridors routes, while other routes connecting to 1 or 2 corridors are termed as Feeder Corridors. These corridors will be developed so as to address the infrastructure asymmetry that exists at many places.



Bharatmala also envisages building 3300 kms of Border Roads of strategic importance along international boundaries and 2000 km of International Connectivity roads to promote trade with Nepal, Bhutan, Bangladesh and Myanmar. Out of this around 2000 km will be taken up under Phase-I at an estimated cost of Rs 25,000 crore.

In addition to the above, around 2,100 km of coastal roads and 2000 km of port connectivity roads have been identified under Bharatmala of which 2,000 kms are being taken up under Phase-I at an estimated cost of Rs 20,000 crore. About 1,900 km of stretches have been identified for development of green-field expressways of which around 800 kms will be taken up under Phase-I of the programme at an estimated cost of Rs.40,000 crore. The 10,000 km of balance road work under NHDP will be completed at a cost of Rs 1,50,000 crore.

In addition to Rs. 5,35,000 crore for Bharatmala Phase-I, there is a requirement of Rs. 1,57,324 crore for ongoing schemes like NH(O), SARDP-NE, EAP and LWE under implementation in the Highways Sector. Thus, the overall outlay for Bharatmala and all existing schemes put together will be Rs 6,92,324 crore over a period of 5 years.

Gross Budgetary Support for the Bharatmala programme and existing schemes from 2017-18 to 2021--22 will be restricted to Rs. 2,37,024 crore from Central Road Fund (CRF), Rs 59,973 crore as Budgetary support, Rs. 34,000 crore from expected monetization through Tolling, Operation Maintenance and Transfer (ToT) route and Rs. 46,048 crore collected as Toll-Permanent Bridge Fee Fund (PBFF) by NHAI.

A total of around 600 projects have been identified across the components for Bharatmala.

## Invest India: An Exemplar of the New India

*Ajay Shankar*



*Invest India is a good example of the Prime Minister's initiative to reform-perform-and-transform. It has pursued reforms and made persistent efforts at all levels of the government both at the centre as well as the state. This has led to a transformational change in how foreign investors view India...The discussion in the boardrooms of global investors is no longer 'if' they need to include India in their investment plans but 'how' they will execute their India strategy.*

**I**nvest India was conceived as a proactive agency which would provide professional support and hand holding services to potential investors from overseas so as to make it easier for them to: (a) Understand and analyse the business case for a potential investment decision and (b) facilitate, support and fasten the journey from an investment decision to an operating business. This was expected to help in bridging the gap between the potential and the actual inflow of FDI into the country especially into new, green field industrial projects. China has become the factory of the world on the basis of FDI. India with comparable potential had to yet make the transition.

In 2015, the new government decided to make 'Invest India' into the Prime Minister's vision of making India the most attractive destination for FDI and of converting the red tape into a red carpet for investors. Thus, beginning the Invest India is a unique story of entrepreneurship within the government.

Under the leadership of a new CEO, Deepak Bagla, a seasoned investor banker and private equity professional, a team of 'Believers in India' started to take shape under

the umbrella of Invest India. With an average age of 29 years, the 110-member team at Invest India has professionals from private sector including many ex-investment bankers and ex-management consultants from prestigious employers such as Gold man Sachs, Mckinsey and Bain and Company. Each employee at Invest India has chosen nation building over pay and is highly motivated. Invest India as the National Investment Promotion and Facilitation Agency of India, acts as the first point of reference for investors in India. Invest India is transforming the country's investment climate by working systematically with concerned stakeholders in simplifying the business environment for investors. Invest India's experts, who specialize across different countries, Indian states and sectors, hand hold investors through their investment life cycle from pre-investment to after-care. Invest India's specialists provide multiple forms of support such as market entry strategies, deep dive industry analysis, partner search, location assessment and policy advocacy with decision makers.

Invest India was judged the winner at UNCTAD investment promotion awards in 2016. The journey from infancy in 2014 to a global winner

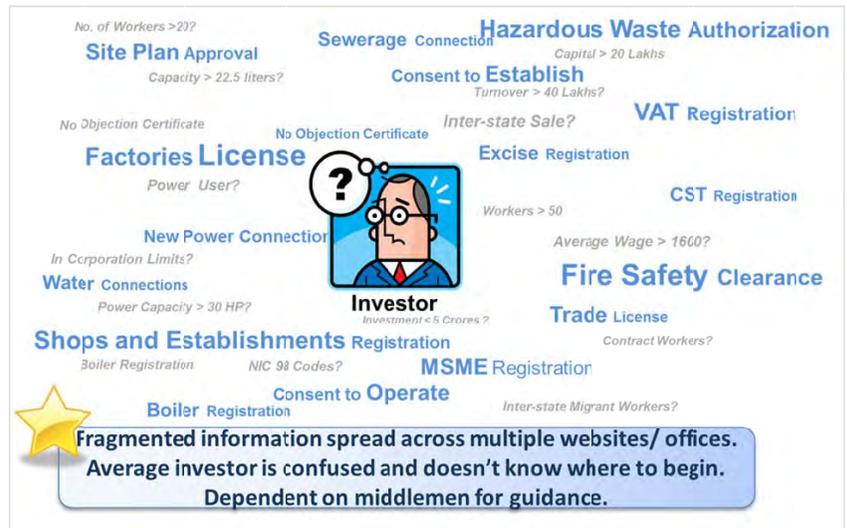
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The author has served as Secretary in Department of Industry and Policy Promotion (DIPP) in the Commerce and Industry Ministry, Government of India. He also conceived Invest India as a new agency for promotion of FDI into the country. He subsequently served as Member Secretary of the National Manufacturing Competitive Council (NMCC), an advisory body with Captains of Industry and key Secretaries of Government, to advise on policies and measures for India's success in manufacturing.

in 2016 is best reflective of the story of new India – a transformation that is unprecedented in speed and scale. More importantly, this was achieved at a fraction of the cost, with Invest India’s budget less than a quarter of comparable best-in-class global peers.

The dual role of being an interface of the government and an advisor to the investors gives Invest India’s relationship manager the key responsibility of seeing that a potential investor becomes an actual investor and that his journey towards having a running business in India is smoother, fast and pleasant. To this effect, Invest India has pioneered a unique operating model that pivots around each of its individuals and prioritizes individual learning and teamwork. Each employee of Invest India has a primary, secondary and tertiary responsibility for a country, sector or a state providing three sixty-degree perspective of the investment life cycle from targeting a new investor to leveraging the sectoral expertise to set-up their operations in a state.

Drawing upon its unique model and the passion of its team, Invest India has had a significant impact across many areas. Increasing the competitiveness of doing business in India, supporting start-ups and facilitating investments in all sectors including sunrise sectors such as healthcare that change the lives of individuals. Invest India continues to shrink the time taken from the

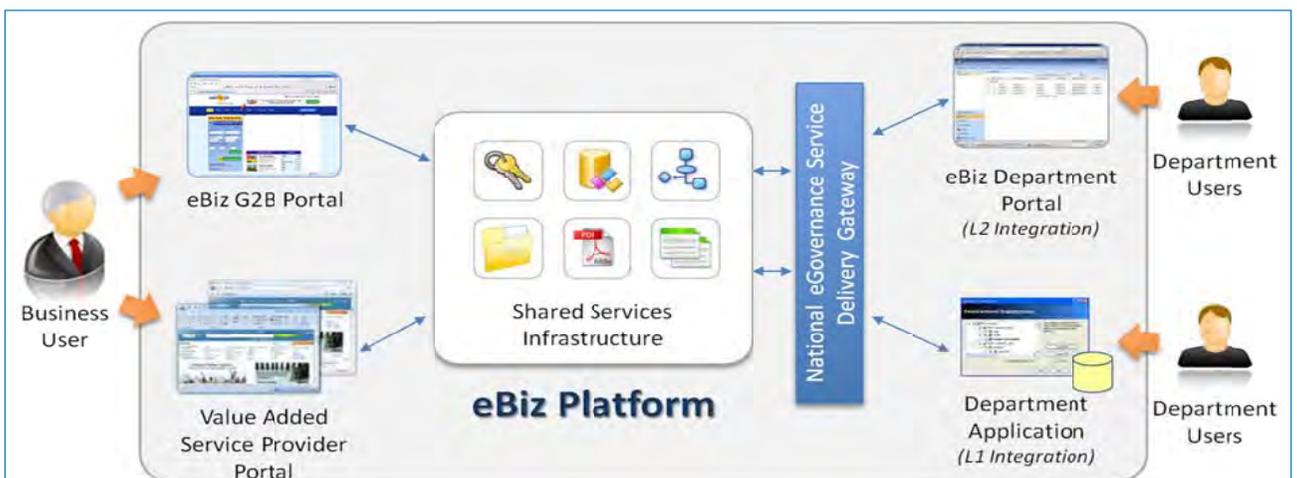


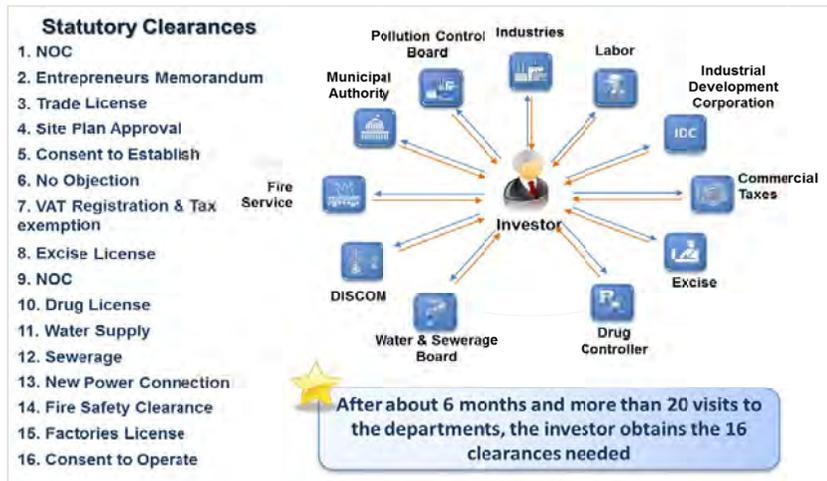
approval of India entry by the global Board of an investor to the commercial production in India. This is the key to investor’s competitiveness and hence his success. Danish wind turbine major Vestas started manufacturing blades in Gujarat within 15 months of approval from their global Board. This was fastest in the firm’s history and beat the earlier record held by China by more than two months.

Similarly, a single query by an Indian-origin NHS doctor from UK to Make in India has metamorphosed into what could be one of the largest healthcare projects in the World which promises to change the Indian health care landscape. Indo UK Institute of Health is creating integrated medicities across 11 states, which will drive significant economies of scale and exploit synergies with diagnostic

clinics and medical equipment suppliers into providing globally competitive advanced healthcare services. These will cater to the domestic need and at the same time serve as global medical tourism hubs.

Recently, Invest India achieved the record of answering 100,000 queries from investors. These cover a wide range of 47 sectors and 115 countries. The top areas of interest are food processing, IT/ITeS, renewable energy, electronics, and textiles. Invest India currently facilitates total investments of over \$80 billion, covering over 300 cases and with a potential to employ over 7 lac individuals. The top five sectors in this pipeline are construction and infrastructure, automobiles, renewable energy, healthcare and retail. More significantly, Invest





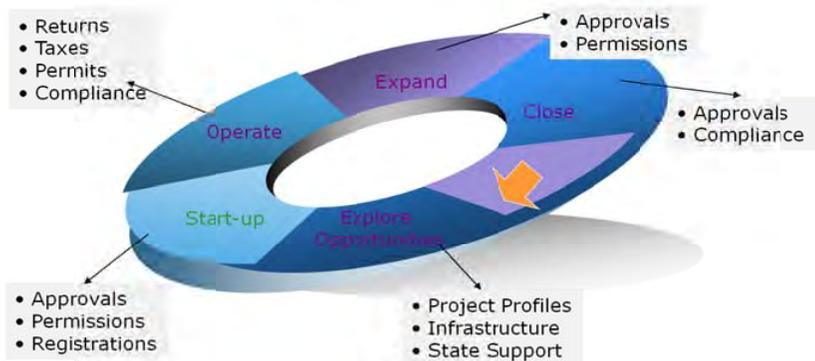
India has facilitated \$7.4B of actual investments on the ground which has resulted in creation of over 94,000 direct jobs.

More importantly, today, we are witnessing a new investor-friendly mindset across different levels of the government. Greater investor-friendliness both at the centre and the states has a profound impact on India's investment attractiveness. In addition to facilitating investments, Invest India collaborates with all the state governments to enhance their investment promotion capacity. There is a sea-change in the quality of interaction between the government and the investors. Invest India supports the various government departments to enhance the quality of meetings by a series of activities such as preparing pre-briefs, structuring the

agenda, helping with presentation and tracking the follow-ups to make sure the meetings are outcome-oriented. Finally, we see a greater openness to global best practices across all levels of the government. For instance, Invest India is working with a dozen state governments to help formulate their start-up policies by leveraging learnings from global start-up ecosystems.

Given the critical role home grown entrepreneurs play in furthering the innovation ecosystem of the country and in employment generation, Start-up India initiative was started by the government under the aegis of Invest India. Many domestic start-ups facilitated by Invest India and start-up India have changed lives and have created impact at the national level. The story of

**eBiz Vision**  
 "to transform the business environment in the country by providing efficient, convenient, transparent and integrated electronic services to investors, industries, and businesses throughout the business life-cycle"



Sagar Defence is a case in example. Invest India's team worked with the entrepreneur who had developed a technology to develop unmanned naval surveillance vessel. Invest India's team helped Sagar Defence with all aspects of their business such as restructuring the way the firm was incorporated, help with the business plan and help procure defence related permit and licenses. Today, Sagar Defence is rated among the most successful start-ups in India and globally.

Invest India is a good example of the Prime Minister's initiative to reform-perform-and-transform. It has pursued reforms and made persistent efforts at all levels of the government both at the centre as well as the state. This has led to a transformational change in how foreign investors view India. This government has demonstrated the ability to take tough decisions which has provided a strong level of comfort and commitment to global investors about India's commitment to reforms. The discussion in the boardrooms of global investors is no longer 'if' they need to include India in their investment plans but 'how' they will execute their India strategy. The confidence of investors in the credibility of the system is now being taken for granted. Objective studies such as the World Bank's ease of doing business rankings, in which India has shown the highest jump by any large major economy this year - from 130 to 100, have further validated the belief in India. These ground-level changes in the business climate have a multiplier effect on the investment and the economy. For instance, Financial Time's FDI Intelligence ranks India as #1 recipient of greenfield FDI in the World. This illustrates the long-term confidence of investors and highlights their belief to profitably execute projects in India from scratch.

For Team Invest India this is just the beginning as it works to make India one of the most investor friendly countries and the largest recipient of FDI in the next few years. □

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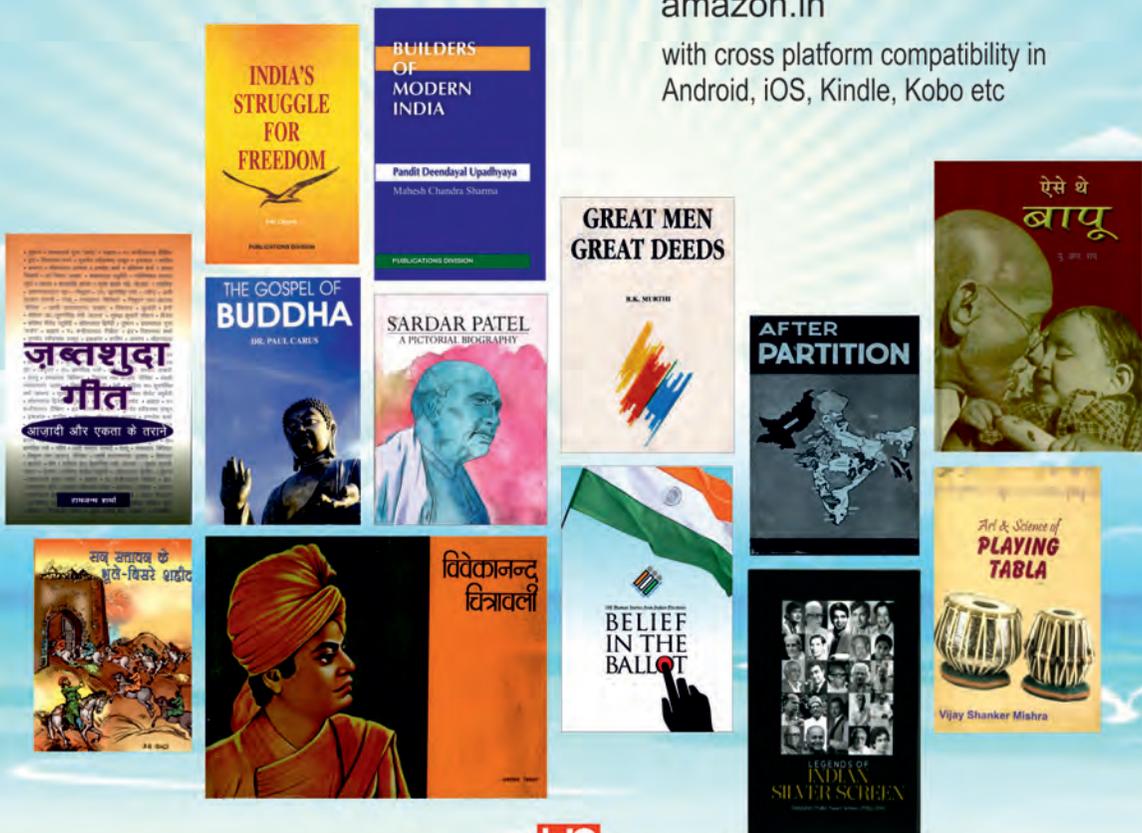
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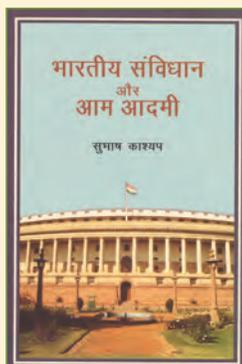


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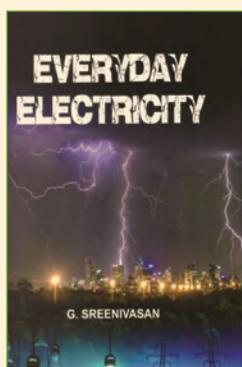
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G. Sreenivasan is a technical writer and blogger and has published several articles and few books. He is known in power sector as the author of ‘Power Theft’, which has gone through four editions in a short period. He is a research scholar and visiting faculty at various power sector training institutes in India.

## New Cross-Border Train between India and Bangladesh

**A** Cross Border Train between India & Bangladesh, the Kolkata-Khulna Bandhan Express was flagged by the Prime Minister of India and the Bangladesh Prime Minister on November 9, 2017 through video conference from Kolkata station. The leaders also unveiled jointly an e-plaque to inaugurate the following:

- (i) Second Bharirab and Titas Railway Bridges in Bangladesh,
- (ii) International Rail Passenger Terminus with End-to-End Immigration and Customs Clearance Facilities (for the passengers of Maitree Express and Bandhan Express) at Kolkata station.

In his address, Prime Minister of India said that the close connection and understanding between the two countries requires connectivity between the people across the border and Maitree Express and Bandhan Express trains will further add to connectivity between India and Bangladesh and strengthen our bonding. He underlined the fact that India has emerged as the most trusted partner of Bangladesh by undertaking and completing a series of developmental projects in Bangladesh.



The Prime Minister of Bangladesh, Sheikh Hasina, lauded the initiative and expressed hope that there would be more such initiatives for increasing rail link and connectivity between the two countries. She also highlighted the fact that it would result in reducing the journey time for the passengers of Maitree and Bandhan Express trains with the introduction of International Passenger Rail Terminus with End-to-End Immigration and Customs Clearance Facilities.

The Bandhan Express train is the second train to be flagged off after the introduction of Maitree Express between Kolkata and Dhaka Cantonment stations in April, 2008. It covers the distance between Kolkata and Khulna through Petrapole and Benapole route to cater to the demands of the people from both the countries to enhance the connectivity.

The Bandhan Express will be a weekly service on every Thursday. The immigration and Customs checks will take place at Kolkata International Passenger Terminal for the Indian side and at Benapol border station for Bangladesh side.

In order to reduce the en-route journey time of the passengers of the existing Kolkata – Dhaka Cantt Maitree Express and newly introduced Kolkata – Khulna Bandhan Express, Ministry of Railways, with the coordination of Department of Immigration and Customs has opened an International Rail Passenger Terminus at Kolkata station with proper infrastructure and facilities of end-to-end immigration. With this new facility at Kolkata Terminal, the passengers of Maitree Express and Bandhan Express will be immensely benefitted.

The second Bhairab Bridge and Titas Bridge in Bangladesh built under the assistance of Government of India are two of the most important projects in Bangladesh for infrastructure and rolling stock development. The one kilometer long second Bhairab Railway Bridge was built over the mighty Meghna river at a cost of around USD 75 millions by Indian contractors and consultants. Similarly, the Titas bridge over river Titas in Eastern Bangladesh was built with a cost of around USD 25 million. Both these bridges are on the main Chittagong to Dhaka Trunk Rail Line which will help in faster movement of both passenger and freight trains of Bangladesh.



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