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THE AWARE CONSUMER

UNLOCKING CONSUMER POTENTIAL

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TOWARDS A CONSUMER FRIENDLY GOVERNANCE

A unique exercise to map
India's consumer friendliness
at the state level



GOVERNMENT PERSPECTIVE

Chief Minister Raghubar Das on the government's proactive measures to bring Jharkhand at par with other developed states on all development parameters including consumer awareness and protection.

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VIEWPOINT



BEJON KUMAR MISRA | bejonmisra@consumerconexion.org

Mass Movement for a Consumer India

IF THEY ANSWER not to your call walk alone; If they are afraid and cower mutely facing the wall; O thou unlucky one, Open your mind and speak out alone...Three decades or so ago, when I set out on my journey on the path consumer justice and empowerment, it was almost a solitary one. I had these immortal lyrics from the famous Bengali poem *Ekla Chalo Re* penned by the renowned poet Rabindranath Tagore for company and my personal belief in the virtue of my mission to keep me going. Today, I am happy to see that a galaxy of experts and dignitaries are most willing to work together for the cause of the hapless consumers. One question that I am unable to answer satisfactorily is why, despite efforts of the past 30 years and one of the best consumer laws in the world, have we lacked teeth to protect our citizen-consumers?

Answering the where, why and how calls for much soul searching and ends up in blame game. A more constructive approach is to identify the failures and then build strategies for the next step, plugging all loopholes. *Measuring the Most Consumer Friendly States* is one such exercise which aims to serve multiple purposes. To enumerate just a few, firstly, it ensures participation of all stakeholders in this consumer activity by its nature and scale. Secondly, it incentivises the states to better their own records and come up with innovative solutions. Thirdly, it creates a national dialogue on consumer protection and a platform to engage experts, academics, officials, civil society and other stakeholders. Fourthly, it

engages the entire nation in evolving unique solutions to local problems/issues. Fifthly, it creates a bank of best practices in consumer protection for states to emulate and share.

Consumers are not just buyers of products; they are also users of public services. Consumer rights, as such, overlap fundamental rights of citizens and it is not just the Consumer Affairs Department but the entire machinery of a state that is mandated by law to fulfill its duties towards the citizen-consumer. From right to nutrition and food to right to choice of goods and services and right to health—if we study the rights of consumers, the overlapping roles of the different departments and the different instruments of governance in ensuring these will become obvious. For instance, can consumer redressal be possible without a competent judiciary? But then, is it at all possible if the state administrative machinery is lackadaisical? Again, a consumer complaint can involve any number of departments as a citizen is a consumer of every good and service—from electricity, water to internet and e-commerce. *Measuring the Most Consumer Friendly States* will create an enabling ecosystem for a progressive and inclusive society. This will happen once every citizen in India becomes The Aware Consumer.

“Measuring the Most Consumer Friendly States initiative will create an enabling ecosystem for a progressive and inclusive society. This will happen once every citizen in India becomes The Aware Consumer.”

Good Governance & Consumers

DO POOR CONSUMER protection practices by government qualify as bad governance? Decidedly, if we are clear on what good governance actually connotes in terms of public policy. A good government might not always make the best decisions; but it is and will remain one that lays down sound processes for making good decisions and consistently pursues them. Apparently then, poor consumer awareness and redress will result only from bad governance policy.

In the citizen-consumer context, good governance assumes paramount significance as it lays the foundation for participatory governance, where the citizen as a consumer of state services has a right of participation in administration. In this form of governance decision making takes a bottom up approach and involves all stakeholders to ensure accountability for the greater common good.

Now, looking at good governance from the prism of consumer protection in the Indian context, we can be gratified that we have a progressive legal framework. Unfortunately, we fall woefully short of every imaginable policy target. The consumer movement in India has been a movement in fits and starts. To blame the late arrival of consumer awareness in the country for it would be wrong. For, efforts were made to take Indian consumer movement to a level where consumers in India could proudly claim to be as enlightened as their counterparts in more advanced countries. However, somewhere down the line, the fire fizzled out.

The reason for this is not far to seek. Successive governments have not kept citizen-consumer at the centre of the governance process. As a consequence, the processes have not led to decisions that have promoted the interests of citizen-consumers. This is simply because consumers have never been called upon to participate in the decision-making process. Lack of a cohesive policy framework, absence of integration or even mutual awareness between departments and contradictory laws have compounded the problem. One of the primary reasons for this state of affairs has been the fact, so characteristic of this departmentalisation, that consumer protection has been considered an activity solely of the Department of Consumer Affairs. The central fallacy of such a view is that it holds a consumer and a citizen as two different entities. But aren't all citizens consumers of state services? Does consumption only imply goods and that too, commercial goods? And even if we look at consumers from that narrow perspective, government being the principal service provider, good governance plays the role of facilitating an environment where good businesses flourish and result in best possible choices for the end consumer.

Hence, the thoughtfully developed four pillars for adjudging the states on the index of *Most Consumer Friendly States* in India. An example is *Ease of Doing Business*. A state that ensures that small players get a level playing field with healthy competition will have a marketplace where consumer is the king or queen. The Survey promises exciting possibilities. In such a context, we can see that India's Right to Information Act 2005, now one of our most vibrant sinews of good governance, can ensure access that consolidates the consumer's rights to participate in implementation of the law.



“...good governance lays the foundation for participatory governance where the citizen has the right...”

Wajahat Habibullah, IAS (Retd)
Former Chief Information Commissioner &
Former Secretary to Government of India

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In Hyderabad, experts brainstormed why a separate legislation was an imperative for the direct selling industry. The benefits would accrue to consumers.

MARK FIELDS, PRESIDENT & CEO, FORD MOTOR COMPANY

“The Indian consumers do their homework...They go through every element of the product and all of the information. They want great value because remember India is still a developing market...”

THEY SAID IT



ROUNDUP



Indian Consumers Expected to Spend More Hopeful of better economy in times ahead

INDIAN CONSUMERS are likely to make lavish purchases in future, says a report by ZyFin Research. According to the report, Spending Sentiment Index (SSI), which measures consumers' spending behaviour and discretionary purchases, witnessed surge of 20 per cent in March 2015 as against the corresponding month in 2014. The SSI report is based on a monthly survey of 3,000 consumers in 11 cities across the country. A score above 50 reflects optimism, while below 50 is indicative of pessimism. The report says SSI at 36.1 in March this year has improved compared to last year, which demonstrates the willingness of consumers to spend more. The aspiration among consumers is directly linked to their econom-

ic development and security in employment.

The study found optimism among consumers about prevailing and expected employment situation in the country. While consumers in smaller cities like Mangalore, Indore and Lucknow are more assertive about spending, consumers in metropolitan cities like Hyderabad, Chennai and Kolkata have showed a skewed behaviour. They sense security in their current employment or foresee better opportunity in job market. The poll demonstrates the hopefulness amongst Indian consumer with respect to inflation. Inflation Index projected an increase of 25 per cent over March 2014 which symbolises Indian consumers' belief of country's better economy in near future.

DATA BRIEFING

20%

Rise in
Spending
Sentiment
Index in
March 2015



Companies Eye Rural Consumers in Gujarat Make smaller products for faster growth

SEVERAL COMPANIES are vying to promote specific products in Gujarat's villages to wrest the maximum share in the state's rural market. As per latest reports, rural consumers in Gujarat are exhibiting increased tendency towards buying with their steadily increasing disposable incomes. According to the companies, the smaller packages of original products are being launched as customers in rural areas prefer to buy products in smaller quantities. Ice cream maker Vadilal has come out with products in juice category priced at Rs 10, exclusively for its customers in villages of Gujarat. Rasna too has launched Re 1 and Rs 2 sachets of its soft drink concentrate for the rural consumers. While several companies are launching smaller versions of their original products, others have developed separate categories of products to tap the rural market. National telecom companies like Uninor have launched rural network expansion programme under the campaign *Gaam No Faydo, Uninor No Vaydo* for the state's villages. According to a January 2015 report by Nielsen, villages contribute to 35 per cent of sales of the consumer packaged goods industry and have grown at a faster clip than urban sales for the past two years.

Subscribers Nod Must for Activating Data Services on Mobile

THE TELECOM Regulatory Authority of India (TRAI) has proposed that telecom operators take explicit consent of subscribers for activating internet on mobile phones, followed by intimation to their customers, either through an SMS or a toll-free short code 1925. Also, telecom companies should alert users when they are on international roaming to deactivate internet if they don't want data services, the regulator, in its draft "Telecom Consumers Protection (Eighth Amendment) Regulations, 2015", said. TRAI had also sought comments from the public on this issue till May 12. The draft says that telecom players should inform mobile subscribers, who have taken data packs, through SMS whenever the limit of data usage reaches 50 per cent, 90 per cent and 100 per cent. When the usage reaches 90 per cent of the limit, the applicable tariff beyond the data limit should also be communicated to the subscriber by the companies, the draft added. The regulator said it has been receiving several complaints from consumers regarding non-availability of information relating to the amount of data used during a data session.



QUICK BYTE ON CONSUMERS



Online Grievance Redressal System

The National Pharmaceutical Pricing Authority (NPPA) launched Pharma Jan Samadhan, an online consumer grievance redressal system, in March this year, as part of Digital India Programme, to address issues related to over-pricing and non-availability of medicines.



Government Mulls Regulator for Direct Selling Industry The move will grant industry a distinct identity

GOVERNMENT of India has constituted an inter-ministerial committee to consider the requirement of a separate legislation for business models like direct selling industry/multi level marketing (MLM). In the absence of any separate regulatory framework, direct selling business, at present, comes under the purview of the Prize Chits & Money Circulation Schemes (Banning) Act, 1978 administered by Department of Financial Services (DFS). As part of amendment to the Act, DFS examined the feasibility of incorporating specific guidelines for these business models. It suggested that instead of incorporating these models into the PCMC Act, the need for a separate legislation may be examined by Department of Consumer Affairs (DCA) in consultation with all stakeholders concerned including global practices in operation. Accordingly,

The government plans to include direct selling into the ambit of the Consumer Protection Act.

the DCA, in November last year, decided to constitute an inter-ministerial committee chaired by its then Secretary Keshav Desiraju. The members include Secretaries from Department of Industrial Policy and Promotion, Department of Financial Services, Department of Revenue, Department of Legal Affairs, Ministry of Corporate Affairs, DeitY, and Chief Secretaries from Delhi, Andhra Pradesh and Kerala. A Deputy Secretary from DCA would helm the role of a coordinator as well as a member in the committee. The committee would examine the nature and growth of direct selling/MLM companies in the country over last five years, and the factors/features that distinguish the direct selling/MLM models of business strategy from Pyramid, Money Circulation Schemes. The committee will ponder over whether standalone legislation is required

Predictable Policy: The direct selling industry has been seeking a separate legislation as currently it is surrounded by ambiguity and its business model is mistaken for ponzi money circulation schemes. This is hampering its growth.



to regulate these business models. If so, it would work on the possible framework for such legislation based on the existing laws and regulations including that in other countries. Other mandates comprise identification of goods, services and operational issues to be covered under the new legislation. The committee will be free to record evidence of other stakeholders such as Indian Direct Selling Association (IDSA), consumer groups, etc., and any other related issue on the topic. The committee was expected to submit its report within six months of its constitution.

The direct selling companies had been raising concerns over their business model being identified with ponzi schemes. Several MNCs such as Amway, Tupperware and Oriflame have been selling their products to consumers through a non-store retail format. Amway India is hoping that the government will come up with a legislation keeping in view the nature of direct selling business. "We are working closely with the government to define a legislation to cover direct selling. The government has taken the initiative and now deliberating with all concerned," Sundip Shah, Chief Marketing Officer of Amway India, was quoted in the media as saying. A KPMG-FICCI report, released in January 2014, had called for a regulatory framework for ₹7,200 crore direct selling industry. The report estimated that the direct selling industry in India with the right policy stimulus has the potential to reach ₹64,500 crore, a nine-fold increase by 2025. The government reportedly plans to include direct selling into the ambit of the Consumer Protection Act.

BY INVITATION

ANURADHA DAS MATHUR

Founder & Director, 9.9 Mediaworx Pvt Ltd



Policy for Protection

Predictable and inclusive policies will arm consumers with the right tools.

ASYMMETRY OF INFORMATION is a term that any economics undergraduate is familiar with. We are taught that when “one party knows less and one party knows more”, this leads to “market failure”. It’s when we step into the real world that the implications of these esoteric terms and definitions become clear. And nowhere is this clearer than in the world of the consumer. The need for “consumer protection” arises, most often, in this context. There is recognition across the world that consumers face imbalances in bargaining power and that they should have the right to safe, non-hazardous products, to full information and to seek remedy for their grievances.

Consumer Protection

Although the key principles of consumer protection were first enshrined internationally in the United Nations Guidelines for Consumer Protection (1985), ancient and medieval Indian laws have recognised it for centuries—in the *Manu Smriti*, for example, penalties and compensation were laid

down for adulteration and fraud. Subsequently, the *Arthashastra*, Mughal law and British law made provisions for consumer protection. The concept of consumer protection has since become ingrained in our postcolonial institutional structures. All three pillars—legislature, executive and judiciary—recognise its importance in the functioning of our vibrant democracy. At the legislative level, the Consumer Protection Act, 1986, was enacted by Parliament to protect the interests of consumers. At the level of the executive, while the central government houses the Department of Consumer Affairs, most state governments have a State Consumer Protection Council or a designated body to deal with consumer affairs. Perhaps the most crucial cog in this machine is at the level of the judiciary—Consumer Disputes Redressal Agencies at the central, state and district levels recognise the rights of consumers. Examining the legislative, executive and judiciary provisions closely, as well as the language of our rights, it is clear that “inclusiveness” is their aim.

ABOUT THE AUTHOR

ANURADHA is an alumna of LSR and Trinity College. She led the research and advisory business for the Indian affiliate of the Economist Intelligence Unit for almost 12 years and headed *Businessworld*. She is the Founding Dean of *The Vedica Scholars Programme for Women*. She was selected as one of 25 young, talented, emerging global woman leaders for the prestigious Global Emerging Women Leader’s Programme, offered by *Fortune* magazine and the US State Department.

Shortcomings Remain

However, despite these provisions, consumer protection policies remain woefully inadequate. Worryingly, the lack of appropriate consumer policies results in suboptimal outcomes, not just for the consumer, but for the economy at large. Let’s consider a couple of examples.

The direct selling industry in India, according to a KPMG-FICCI report, has the potential to reach ₹64,500 crore from its present size of ₹7,200 crore. This is an industry which plays an integral role in providing employment in over 100 countries. In India, it could gainfully employ 18 million people, 60 per cent of them women. What gets in the way? Policy. Existing legislations do not define “direct sellers” and associate the activity with fraudulent money circulation. Clear, independent legislation with strong consumer protection would go a long way in unleashing the nascent potential of this sector.

The microfinance industry is plagued by similar problems. Once heralded as a giant step towards poverty eradication, the industry came



HAVE AN OPINION ABOUT THIS COLUMN? WISH TO SHARE YOUR THOUGHTS AND IDEAS ON THIS ISSUE?


— Write to us editorial@TheAwareConsumer.co.in

by Invitation
ANURADHA DAS MATHUR //

to a virtual standstill after a series of farmer suicides revealed that they had been struggling under the pressure of repayment of high-interest loans. An uncertain regulatory framework where consumers are mostly unprotected is largely to blame.

While the existing policies have been designed to be “inclusive”, the system suffers from two major challenges: a lack of awareness among consumers about their rights and the tremendous backlog of cases in the consumer courts. A survey conducted by CUTS International in 2012 revealed that even after 25 years of the Consumer Protection Act in India, only 20 per cent of consumers knew about it. Only 42 per cent have heard about consumer rights. 53 per cent are unaware of the existing systems of redress. A staggering 72 per cent believe the provisions are inaccessible. In a country where 100 per cent adult literacy still remains a far cry, this lack of awareness is not surprising.

The status of pending cases is a further commentary on the state of consumer protection. In 2012, there were 3.5 lakh cases awaiting resolution in various consumer courts across the country. The backlog of cases has been rising by 2 per cent every year. Several districts still do not have district consumer courts. This is yet another indication that the system isn't working; despite the purported “inclusive-

 ...concerted effort towards more predictable and inclusive policies would go a long way in protecting the interests of consumers...”

ness” of India’s consumer protection policies, inefficiencies in the system impede access to speedy justice.

Going Forward

In this context, it is evident that making a concerted effort towards more predictable and inclusive policies would go a long way in serving and protecting the interests of consumers. Already, important steps are being taken. The Department of Consumer Affairs has moved a Cabinet note for making amendments to the Consumer Protection Act and the Bureau of Indian Standards Act. These amendments aim to establish a Consumer Protection Authority on the lines of US and European countries to fast-track the redressal of grievances.

The needle is beginning to move for individual sectors as well. There is a Cabinet proposal to bring e-commerce under the consumer protection law. If teleshoppers and e-tailers refuse to take back defective items and return the amount paid by a customer

within a month, action can be initiated against such players. This kind of unambiguous legislation is important for both producers and consumers. The direct selling industry is looking forward to the creation of a separate authority and legislation to handle its matters with clarity. Meanwhile, for the microfinance industry which has the potential to provide last-mile financial access in a way that large banks can't, the new institution MUDRA (the Micro Units Development Refinance Agency) announced by the new government will hopefully start resolving the sector's regulatory hurdles.

A comprehensive policy framework does ensure predictability through rule of law and promotes inclusiveness. But, policies must be coupled with a focus on efficient and expeditious implementation as well to be effective. It is also imperative that all stakeholders come together and make India's countless consumers aware of their rights. 🗣️

(With inputs from Malini Bose)




MAPPING THE ROUTE TO A CONSUMER FRIENDLY INDIA

It has been more than 30 years since the United Nations Guidelines for Consumer Protection (UNGCP) was adopted on April 9, 1985, by the United Nations General Assembly. These Guidelines, which are a declaration of best practices in consumer protection law and policy, have served countries around the world as an international point of reference to shaping their individual journeys towards becoming states where consumers are served to the best of their interests. The Guidelines were specifically intended to assist countries in developing adequate safety nets to protect their consumers, to promote such production and distribution that was responsive to the needs and desires of consumers, to instil a highly ethical and moral fabric for businesses, especially those engaged in the service of consumers, to facilitate independent consumer groups, to promote international cooperation in consumer protection, to develop market conditions for enterprise that provides wider choice at cheaper price for consumers and pro-

motives sustainable consumption.

Since last more than 30 years, the Government of India too has been trying to empower the consumers of the country through modern regulations and policies. The turning point for India too was the enactment of the Consumer Protection Act in 1986. Since then, the states have been provided certain amount of resources from time to time by the central government to strengthen their legal redress mechanism and the infrastructure to provide improved



Measuring the Most Consumer Friendly States has the makings of a winning campaign that can lead India to become one of the most consumer friendly countries in the world. A multi-stakeholder pan India platform of experts is working hard to evolve a transparent and credible measurement criteria not to judge but through the evaluation parameters, incentivise states to work on their failings. Best global practices and that of their neighbours will be shared with the states to help them evolve best consumer protection practices. It is a tough race indeed with 36 participants, each keen to better its own records. The game promises to get tough and interesting.

By Sangita Thakur Varma

amenities and facilities to consumers; improved testing facilities for products and for measuring the quality of services provided by public and private enterprises conducting business. India promotes and protects the following rights of its consumers through a legislative mandate under the Consumer Protection Act, 1986:

- (a) The right to be protected against marketing of goods and services which are hazardous to life and property;
- (b) The right to be informed about the qual-

ity, quantity, potency, purity, standard and price of goods or services, as the case may be to protect the consumer against unfair trade practices;

(c) The right to be assured, wherever possible to access to variety of goods and services at competitive prices;

(d) The right to be heard and to be assured that consumers interests will receive due consideration at appropriate fora;

(e) The right to seek redressal against unfair trade practices or restrictive trade practices or

unscrupulous exploitation of consumers; and

(f) The right to consumer education

From a perusal of the above, it will be clear that of all the rights enshrined in the Act, the right to consumer education is the primary one, as it empowers consumers to seek and secure their others rights. An aware consumer is an empowered global citizen.

Unfortunately, though India is a signatory and has adopted the UNGCP, despite such comprehensive roadmap, it has largely failed to deliver. The enforcement of the

consumer protection has been poor due to which there is a gap between the delivery mechanism and the expectation of consumers from the state governments. Despite the financial and technical support being provided, several states lag behind in their duties to provide consumers their rights as enshrined in the laws. Why so lax India?

The consumer movement in India has been hampered by a number of factors. But one that stands out as a major impediment is the fragmented nature of voluntary consumer organisations (VCOs) and the lack of minimum resources at their disposal to help them consolidate into professional groups. Hamstrung VCOs lack the teeth to lobby for interest of consumers competently before regulators and policymakers.

NEED TO REVISIT UNGCP

Notably, in 1999, the UN Guidelines for Consumer Protection were updated to reflect the evolving nature of consumer issues and sections on environment and sustainable consumption and production were added to the original document that closely reflected the changing dynamics of consumer protection. The new set of Guidelines with seven basic tenets reflected some basic needs of consumers across the world:

- The protection of consumers from hazards

to their health and safety

- The promotion and protection of the economic interests of consumers
- Access of consumers to adequate information to enable them to make informed choices
- Consumer education
- Availability of effective consumer redress
- Freedom to form consumer groups in order to present their views in decision-making processes affecting them
- The promotion of sustainable consumption patterns

The seven key areas of UN guidelines reflect the universal nature of interventions required to ensure the welfare of global citizen-consumers.

- Physical safety
- Promotion and protection of consumers' economic interests
- Standards for the safety and quality of consumer goods and services
- Distribution facilities for essential consumer goods and services
- Measures enabling consumers to obtain redress
- Education and information programmes
- Promotion of sustainable consumption

In the Indian context, it is apparent that the Government of India has developed adequate policy instruments in the spirit of

Putting the House in Order

The Consumer Affairs Department is amending important Acts to bring in provisions that are in tune with the changing needs of the economy, trade, business and consumer expectations.

Amendments to BIS Act 1986 to ensure all products, whether manufactured domestically or imported, conform to mandated Indian standards under BIS.

To strengthen the existing redress system, the Department has suggested supplementing it with an active Alternate Dispute Resolution mechanism. The government is also working on building a strong consumer information and advisory system by integrating Consumer Helplines and Consumer Care Centers.

Setting up a National Consumer Protection Authority to deal with unfair trade practices and using Information Technology tools for better delivery of services.

An inter-ministerial committee comprising six important ministries that have consumer interface—Agriculture, Food, Education, Health, Financial Services, Transport and Urban Development—has been set up to oversee and promote the consumer interests. The dialogue on consumer advocacy has begun and the government will launch a Joint Campaign on Consumer Awareness through these departments.

To promote consumers right to information, six Grahak Suvidha Kendras are being set up across the country to help especially, the rural consumers, access information and personalised assistance. GSKs would be run by Voluntary Consumer Organizations who are already doing the work in the field and will be centrally located to provide consumers easy access.

A dedicated portal to serve as a Central Registry for complaints by consumers against deceptive trade practices or misleading advertisements was also launched. A Consumer Handbook was launched aimed at awareness among consumers and guide them in lodging their grievances and getting remedial actions. Another book on Consumer Law and an e-book on the Bureau of Indian Standards have been released for dissemination of essential information.

85
 India's rank among 175 nations on perceived corruption index

Source: Transparency International (TI)



37
 Rank of India out of 102 countries on the WJP Open Government Index 2015

The rankings show countries on how transparent their governments are and the ease with which citizens can hold their government accountable.

Source: World Justice Project



69
 India's rank among 96 countries in 2014 Global Age Watch Index

Source: <http://www.helpage.org/>



**RISING
POWER**

Consumer spending in India is expected to quadruple to US\$ 4.2 trillion by 2017, according to a Yes Bank study.

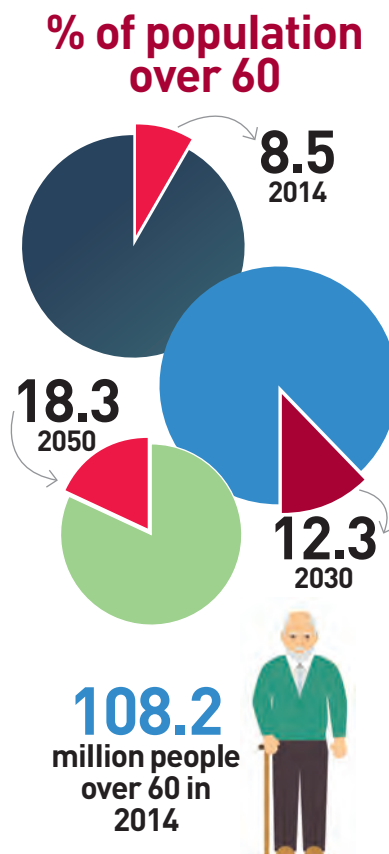
India's Global Burden of Diseases, Injuries and Risk Factors (2010)

	Diarrhoeal diseases	Tuberculosis	Measles	Meningitis	HIV/AIDS	Migraine	Asthma	Preterm birth complications	Iron deficiency anaemia	Protein energy malnutrition
Iraq	7	2	1	8	2	3	8	8	9	6
Federated-States of Micronesia	9	9	12	11	1	6	14	2	6	11
Kiribati	11	12	6	14	9	5	15	4	4	14
Congo	15	15	14	15	15	4	10	11	12	15
Cape Verde	10	4	10	10	4	11	9	3	13	9
Philippines	6	14	13	6	5	9	13	10	8	7
Mongolia	5	8	4	9	12	13	2	9	2	4
India	12	11	15	12	11	14	11	15	14	13
Vietnam	3	5	11	3	13	10	5	5	1	5
Moldova	1	6	3	1	3	8	1	1	5	1
Nicaragua	8	3	5	4	7	7	7	7	3	8
Palestine	2	1	8	2	3	1	4	13	7	3
Pakistan	13	13	9	13	8	15	6	14	11	10
Yemen	14	10	7	7	6	2	12	12	15	12
Uzbekistan	4	7	2	5	10	12	3	6	10	2

Source: RNCOS

UN Guidelines to ensure that its consumers are not shortchanged by manufacturers and distributors. It is obvious that the intent is right, what is lacking in India is implementation. For instance, India too has laws that mandate recall/substitute, replacement of defective goods or compensation to consumers for it. The government encourages fair and effective competition under a competition law to promote wider choice of products and services at the lowest cost to consumers. There are Acts to regulate advertising, promotion and marketing.

Now in the digital age, Consumer International (CI) has sought comprehensive amendment to the 1999 guidelines to embrace the emerging identity of consumers as creators. One of the publications of CI on the proposed amendments published in 2013, *Updating the UN Guidelines for Consumer Protection For the Digital Age*, discusses three important amendments and presents them in the perspective of three developing nations—Indian, Brazil and South Africa. The three proposed amendments are—



access to knowledge (A2K). Under this, it envisages that the guidelines can become an instrument of consumer policy, with the potential to bring great progress—Consumer empowerment policy, Consumer protection policy and Competition policy.

In India too, as the Government of India ushers in a Digital India of Smart Cities, the adoption and implementation of the UN Guidelines for Consumer Protection along with the proposed amendments for a digital world are the new imperative.

INCENTIVISING STATES

In 2013, a Reference Note on Consumer Protection (No.1/RN/Ref./2013) of Lok Sabha Secretariat, pointed out that awareness levels of consumers regarding their rights var from region to region in India. Economic inequality, low literacy and the low levels of awareness are major issues in consumer protection in India. Given the huge and diverse nature of population, large rural base living, and the vast geographical spread, raising the level of consumer aware-

Source: <http://www.helpage.org/>

Benefits from the Project

ness requires massive effort. The digital era of information asymmetry is further compounding the issue.

In 2001, a study by Citizen Consumer Action Group brought to light a number of issues such as privacy of information, provision of contract terms such as guarantees/warrantees, refunds, dispute settlement, hidden costs and misleading information and other problems faced by consumers in online transactions as there were no regulations at the time. In 2006, a follow up study and a detailed analysis of the laws in various countries found Indian laws inadequate to deal with issues faced by consumers in e-commerce and digital environment. In 2015, in Digital India, Right to Consumer Education assumes wider and more urgent significance.

Looking at the needs of consumer protection in the emerging context, in December 2014, the Government of India indicated its intention to revitalise the consumer protection movement with 20 amendments proposed to the Consumer Protection Act, 1986, and revitalise the *Jago Grahak Jago* campaign that had a successful run soon after its launch in 2005. Later in February, the Government in the Union Budget 2015-16 announced its intention to strengthen the states financially in this regard.

To take this mandate further, the Department of Consumer Affairs, Ministry of Consumer Affairs, Food & Public Distribution, Government of India in collaboration with prominent consumer organisations and consumer experts of renown has come forward to launch a first time ever initiative to incentivise Indian states to improve their consumer protection functions. The unique exercise titled *Measuring the Most Consumer-Friendly States* is based on a transparent measuring index to be developed by all stakeholders in partnership. The aim is to encourage all the 36 states of India to become consumer-friendly in the next five years. It is hoped that the exercise will not only incentivise but also educate the state governments on some of the global best practices on consumer protection and also of each of the states in the country and help them



- Encourage states to become MOST Consumer-Friendly.
- Utilise the resources provided to the states efficiently to promote consumer education and empowerment.
- Further strengthen the multimedia JAGO GRAHAK JAGO Campaign.
- Incentivise the champions working in the interest of the consumers and also to motivate other stakeholders to work in a partnership mode in the interest of consumers.
- Prepare a resource document on video and hard-copy on the outcomes for the benefit of Government of India and state governments and analyse the method adopted to reward and recognise the champions, working in the interest of the citizen-consumer, as a resource for future policy initiatives and regulations.
- Facilitate the stakeholders in identifying gaps in fulfilling the aspirations and expectation of the citizens from the government, industry and the regulators by identifying shortfalls in performance in the services provided to the citizens within the Four Pillars and taking remedial measures to improve the performance in the future.



develop their own parameters to become the most consumer-friendly state by ensuring efficiency and effectiveness of governance.

MEASURING GOVERNANCE

It is not the number of services but the efficient delivery of maybe a few necessary ones that matter to a consumer. It also makes a world of difference as to how accessible their government, administration, local bodies or the official is to them as accessibility holds the key to efficient delivery of services. For this exercise, then just Four Pillars of Services and their respective delivery mechanism to the citizen-consumer will be the fulcrum. The expert committee has rightly decided to include Consumer Education and Consumer Redress Mechanism as the first pillar for evaluating each state's performance, noting that Right to Consumer Education is Fundamental to accessing or securing other consumer rights to citizens.

As regards Redress Mechanism, the Act mandates a three-tier consumer dispute redressal machinery at the national, state and district levels. It applies to all goods and services, covers all sectors, whether private, public or any person, provides for relief of a specific nature and also for compensation to the consumer as appropriate and pro-

vides for setting up of Consumer Protection Councils at the central, state and district levels, which are advisory bodies to promote and protect the rights of the consumers. According to reports, despite these provisions, in November 2014, there were more than 3.7 lakh cases pending in consumer forums across the country. Around 70 per cent of these cases were languishing in district forums. The fact that there was maximum pendency at district levels and yet more than two dozen district forums were non-functional spoke volumes for the state of consumer redress in the country. The authorities blamed the lack of infrastructure for the state of affairs.

The other three pillars are as follows:

1. Delivery of health related services including safe food and access to quality healthcare
2. Ease to Conduct Business in the State with focus on small and medium enterprises
3. Accessibility to Public Services and Governance

On March 18, 2015, a National Conference on Consumer Rights was held at Vigyan Bhawan, New Delhi on the theme Consumers' Rights to Healthy Food. The conference provided a platform to draw up an action plan to take specific measures towards establishing consumer rights to healthy food and consumer grievance

redress mechanisms. It is to be noted that consumer access to nutrition and safe food—from farm to plate—is no longer a simple chain in the new global village. The safety of food has been compromised with issues surrounding genetically modified food, hygiene and rampant drug resistant diseases overtaking the world. In developing world access to nutrition is a challenge and with governments still mulling laws around food supplements there is an urgent need for clarity for both consumers and producers to ensure that the consumers are not denied their rightful nutrition.

What Indian consumers receive in healthcare from the state can be surmised from India's annual GDP spend on towards healthcare goods and services, which at 4.2 percent of national GDP is way below 18 per cent of the US (2014). Moreover, for a staggering 70 per cent of the population that lives in the rural areas, the healthcare system is so inadequate that they have to rely only quacks and alternative medicines. The prohibitive cost of healthcare is a burden on consumers. Only 5 per cent of Indians have medical insurance cover according to a report by the World Bank. The basic primary healthcare infrastructure is totally inadequate and India has one of the largest incidences of HIV, malaria, tuberculosis, and diarrhoea, malnutrition and other diseases that are caused due to lack of access to sanitation and basic primary healthcare.

In February this year, the Government of India took a major step towards achieving its aim of improving India's ranking on Ease of Doing Business index. It launched eBiz, a single window G2B portal with 11 government services. The Prime Minister has been promoting the *Make in India* initiative aggressively through a slew of programmes that are paving the way for an India where enterprise is an easy road. In 2015, India dropped 2 ranks to 142 (out of 189 economies) from 140 in 2014 on the index. It is imperative that all the states work together to strengthen the image of India.

In the consumer context though, two important consumer rights enshrined in the Act are inter-dependent on the ease of doing business. The consumer right to access a variety of goods and services at competitive

prices and the right to redress against unfair or restrictive trade practices can only be assured in states that ensure ease of doing business taking special care to create an encouraging ecosystem for small and medium enterprises. Once the system for business is transparent and the business climate progressive, traders will feel less pressure to resort to unfair means to make profit.

Access to public services as a consumer right can only be assured in a climate of good governance. In a democratic set up like India, the citizen is at the core of governance. A state's performance on governance index is measured by what it has delivered to its citizens and to what level it has fulfilled their expectations. On the flipside, how aware are the citizens of the

India Slips on Human Capital Index of World Economic Forum

100th
rank in 2015

78th
rank in 2013

The most potent age group of 25 to 54 years has low educational attainment, declining labour force participation rate and lower below average workplace learning.

Source: PHD Chamber of Commerce and Industry



administrative setup and of the services that are mandated and to what extent they are delivered is equally important as a measure. If we look at the progress of states from this dual prism, the glaring loopholes will be apparent immediately. In the context of a citizen-consumer, even a cursory analysis of the delivery of state services will point to a number of lacunae. Citizens are being deprived of basic services like water, power, food and health. Awareness levels regarding the existence of these services as a citizen-consumer right are absent.

PARTNERSHIP IN PROGRESS

The proposal for *Measuring the Most Consumer-Friendly States* was submitted to the Government of India and the state governments who are the key partners in the consultation process to frame the measuring matrix. The consultative exercise to be held in at least six representative states of the country in the next few months will cover all the regions of India. The matrix emerging from the consultations will be the instrument adopted to measure the *Most Consumer Friendly States* for the year starting from April 2015. The rankings will be revised every year based on inputs from experts and the observations from field study. The final stage involving collating of data emerging from various states and presenting the same to the nine-member jury will finalise the results. The results will be then kept in a sealed cover to be opened on the day of the Mega Event on March 15, 2016 on the occasion of World Consumer Rights Day. The entire three-step activity will be organised annually followed by the declaration of *Rankings of the Most Consumer Friendly States* on March 15 every year, at various venues in the country. The first event will be held in New Delhi, where the winning states will be felicitated with awards to recognise their ranks on the *Most Consumer-Friendly States in India Index*.

India can be proud of another flagship initiative that promises to mobilise into a mass movement. The build up to *Measuring the Most Consumer Friendly States* has exciting possibilities for India, states, and its citizen-consumers. 2015 can well be a landmark year in consumer protection history of India and the world. 🇮🇳

“Jharkhand has already initiated the process of instituting a Council as per the Consumer Act...”

Jharkhand Chief Minister Raghubar Das talks on his government's proactive measures to develop Jharkhand as a consumer-friendly state with the use of ICT to facilitate better services to its citizens, in conversation with *Sangita Thakur Varma*.

Q We have covered almost three decades from the promulgation of the Consumer Protection Act, 1986. Still, most states in India are found lagging on the consumer protection parameters. How would you place Jharkhand on a scale of 1 to 10 in consumer protection?

The culture of vapid consumption has yet not reached Jharkhand. Though, undeniably, glitzy malls with their multi-brand format are making inroads in the urban city centres. By and large, small cities are yet untouched by the mindless consumption driven metro culture. However, consumerism is developing at a comparable pace here as many other states in the country. However, the markets still function on the old principles of trust and are largely unorganized. People of Jharkhand are simple folk and consumers rely on their age-old corner mom and pop stores. Consumers are largely from rural areas who are now getting to know about the

culture of malls as these have reached the markets of suburban areas. Even the bigger stores in Ranchi, like Firayalal and Kashmir Vastralaya, to name just two, are generations old and know their customers by face. Undeniably though, internet penetration is taking e-commerce and other modern and emerging channels of distribution to smaller districts and cities of Jharkhand. Looking at the changing needs of modern times, there has been a growth of consumerism in Jharkhand and voluntary consumer organizations along with state bodies have been working to bring about consumer awareness. I feel consumer awareness for rural areas need to be focused as they are naïve.

Looking at these ground realities, I would put Jharkhand at 5 in consumer protection, as I do feel that we have to work hard to make the innocent citizen-consumers aware of pitfalls in the rapidly globalising and commercialising economy. In order to promote

and protect rights and interests of consumers, quasi-judicial machinery is sought to be set up for stronger delivery of consumer's rights in the state.

Q Jharkhand is unique in its composition. It has a tough terrain, deep forests inaccessible in many parts, a large tribal population, and the fact that it was carved out of erstwhile Bihar not many years back, inheriting many of the burdens. In this scenario, what are the unique challenges that the state faces in consumer awareness and protection?

You have already answered the question partly. The state's unique topographical-geographical presentation, its indigenous tribes and the fact that for long it was the neglected South Bihar—all have pushed back Jharkhand in the reckonings of India's developed states. All institutions had to be started afresh in the state and the same goes for con-



sumer awareness and protection. Precious little was done earlier, and with that burden we are trying to bring Jharkhand at par with other developed states on all development parameters including consumer awareness and protection. The filing of cases by rural consumers in Consumer Disputes Redressal Forum as compared to their urban counterparts is abysmally low (in 2013 it was 1 per cent compared to 70 to 80 per cent of urban cases). Consumers in the rural areas are the primary victims of malpractices. There is an urgent need to establish village level bodies to tackle the situation. Better access of the rural population to complaint resolution at the pre-litigation stage would be guaranteed by using the Panchayati Raj institution and the *bazaar samitis* in all the districts will be strengthened to regularise disorganised markets where retailers/middlemen rule.

Q Jharkhand is a minerals and mines rich state and has a rich history of both public and private sector doing successful business. What is the state's policy towards industries, businesses, manufacturing and investment sectors?

Jharkhand offers a wide range of fiscal and policy incentives to the industries, under the Industrial Policy, 2001. The natural resources, policy incentives and location-specific advantages of Jharkhand support investments in sectors such as mining and metal extraction, engineering, iron and steel, and chemicals. There is state policy on allotment of land to entrepreneurs on 30 year annual lease with renewal facility. Simplified procedure on mining of lease and expeditious clearance of mining lease project application is available. State industry policy also provides interest subsidy ranging from 25 to 60 per cent, which is a motivation for industrialist in the state. With a view to promote rapid growth in the industrial sector, such industries which aim to utilise natural resources available in Jharkhand and which can generate employment for local inhabitants are being classified as thrust area. It is also intended to give boost to those industries, which propose to add value to the minerals, forest produce and agro based products available in the state.

With rapid globalisation, the consumer



is deluged with emerging channels of distribution like e-commerce, direct selling, telecommerce, etc? Is the state prepared to tackle the issues arising out of these marketing channels? How does the state ensure that neither do the genuine operators suffer on account of fraudsters, nor the consumers?

We are working closely with the existing laws to ensure that citizens of Jharkhand too get the benefit of the emerging channels of distribution. As the Government of India is working on the laws around these channels, we will be closely following the developments. We are promoting Jharkhand as a preferred investment destination. It already hosts some of the best names in both public and private sectors and we are working on regulations to provide a more business-friendly culture for startups and SMEs.

Q What are the mechanisms in place for consumer education and consumer redressal in the state? What steps are being taken to strengthen these mechanisms and their reach? Is the state planning on a dedicated consumer affairs department to ensure better consumer protection?

The Food and Civil Supplies Department of the state promotes general awareness about

the rights of the consumer by encouraging consumer education and supplying information. It is also working towards strengthening consumer grievance redressal system. Currently, it is more focused on public distribution services and has created impressive awareness among rural consumers about the Public Distribution System (PDS).

Admittedly, the state needs to work on generating awareness regarding consumer protection laws and encourage the same target audience to fight for their rights. Jharkhand is one of the few states without a dedicated consumer affairs department. However, currently with the intervention of ICT, the state has made tracking and application of consumer complaints online. The State Legal Services Authority is also trying hard to spread awareness on consumer friendly laws through villagers employed as paralegal workers. Jharkhand has already initiated the process of instituting a Council as per the Consumer Protection Act to promote and protect the rights of the consumers.

Q What is Jharkhand doing to ensure that safe food and quality healthcare are made accessible to citizens including those in the rural areas?

The Government of Jharkhand is taking proactive steps to ensure quality healthcare

“I personally connect with people through Seedhi Baat every month and ensure that issues are resolved then and there... We are working towards maximising governance and minimising the role of government.”

Raghubar Das

services to all its citizens be it in the rural or urban areas. *Kuposhan Sakhis* are being recruited at every Anganwadi Kendra to combat malnutrition. We envision a *Kuposhan Mukta Jharkhand* in near future. Infant Mortality rate (IMR) of Jharkhand is 37 compared to the national average of 40, but we are taking adequate steps to achieve the Millennium Development Goal (MDG) of 30. MMR is slightly higher than the national average which is our prime concern and we are moving ahead to counter it. The focus is on effective service delivery of the services. Various initiative are being taken to enhance the services and to ensure that they reach the last man standing. Maintenance of proper hygienic conditions at government hospitals/health centres is also being ensured. Community awareness and participation is ensured through different information, education and communication (IEC) activities at district/block and Panchayat levels.

Q How do you propose to ensure ease of doing business in the state with special focus on SMEs?

Jharkhand has 7.4 per cent share in the total value of minerals produced in India. This sector contributes around 10.2 per cent of Gross State Domestic Product (GSDP) of the state. Jharkhand is promoting rapid

growth by leveraging the location advantage combined with proactive industrial policy. The state government is also encouraging small-scale industries by providing adequate subsidy to set up under micro, small and medium enterprises (MSME) and also through Prime Minister's Employment Guarantee Programme (PMEGP). The state is also undertaking R&D to tap the emerging opportunities and the industrial policy is being drafted accordingly.

An analysis of the sectoral composition of Jharkhand provides interesting insights regarding the development of Jharkhand. The share of primary sector (24.7%) in Jharkhand is roughly a little above than for India (21.74%). In terms of secondary sector the percentage is much higher in Jharkhand (39.48%) than in India (24.14%), which reflects another key strength of the state in terms of industrialisation. Growing at a CAGR of more than 16 per cent during last five years, Jharkhand has witnessed a major boost across sectors. The state has recorded a CAGR of 14.3 per cent for agriculture, 9.6 per cent for industries and 18.1 per cent for service sector, significantly higher than many other states in the country.

By leveraging technology, we are ensuring smooth and rapid disposal of clearances and claims. At the same time, adequate efforts are being made to provide skilled manpower through various skill development initiatives. We envision Jharkhand on the path of inclusive and sustainable growth with due considerations to the environment.

Q Is the government accessible to its citizens? How?

The government is working round the clock for the betterment of the state and is freely accessible to all its citizens. We have come up with first of its kind "Jan Samvad Kendra" where any citizen can register complaint or concern, seek information and give suggestion or feedback on any of the government measures or schemes, simply by dialing 181 which is toll free. In case of complaints, time bound disposal is mandated and feedback is sought from the complainant. On an average, 4,000 calls are being received and placed daily and compliance is being done. The Centralised Public Grievance Management System (CPGram) is another unique

platform where one can lodge complaints or give feedback. We are ensuring that all the complaints/concerns are taken by the concerned departments/agencies and are duly acted upon. Jan Suvidha Kendra is functional in every district collectorate where any citizen can go to seek services or lodge complaints/suggestions. I personally connect with the people through *Seedhi Baat* every month and ensure that issues are resolved then and there. Our ministers and legislators are constantly on visits to their constituencies where they connect and interact with the people. We are working towards maximising governance and minimising the role of the government.

Q Does the government have an e-governance programme in place?

We have come up with well structured e-Governance Plan for augmenting service delivery to the citizens at their doorsteps. Common Service Centres or Pragya Kendras are at the centre of these efforts. Some of the services that has been digitised till now are:

e-PDS has been implemented and the process has been completely automated using Aadhaar as its base. This would ensure timely and regular supplies of foodgrain to the targeted beneficiaries, effectively controlling the leakages. Modernisation and digitisation of land records is taking place and the impetus is on easy delivery of land records to the citizens. Online issuance of various certificates like Caste/Residential/Death & Birth and Income are now issued online. Transport licences, driving licences and industry clearances are now being done online effectively, saving time and unnecessary harassment to the citizens. Payment of pensions and wages through Aadhaar enabled banking so that entitlements directly reach the account of the beneficiary and leakages are minimised and empowering the unbanked through mobile banking via Ultra Small Branches (USBs) or Kiosk Banking at Panchayat level is being done. ICT is being extensively used in education as well. Setting up of smart classes to impart lessons through interactive audio visual modules is being expedited. Use of technology in health, like e-hospital and other programs, is being pushed. These are just a few examples of our commitment to ensure that services are effectively delivered to the citizens. 📞



A Measure Most Necessary for Democratic India

First Multistakeholder Consultation Workshop kicks off Most Consumer Friendly State Exercise. **BY SANJAY K OJHA & TAC TEAM**

South India is one of the most developed regions in the country as regards to consumer awareness and protection with voluntary consumer organisations (VCOs) playing a yeoman's role in the field. In view of this, the first expert level consultation workshop to evolve the criteria for *Measuring the Most Consumer Friendly States* in India was held in Chennai on March 10, 2015. The deliberations kickstarted the process of pan India stakeholder consultations for this unique first time ever exercise in the country. The workshop saw the participation of several dignitaries including T S Krishnamurthy, former Chief Election Commissioner of India, Wajahat Habibullah, former Chief Information Commissioner of India, Dr V Prakash, a distinguished scientist at CSIR, Dr Surinder Singh, Director of the National Institute of Biologicals (NIB) under the Ministry of Health and Family Welfare, Government of India, Mr S Gopalakrishnan, Commissioner of Civil Supplies and Consumer Protection, Government of Tamil Nadu, and several other personalities representing diverse fields.

Chief Guest T S Krishnamurthy opened the deliberations observing that in a democracy like India, the entire framework is available to create a citizen-friendly country. The challenges to this end can be overcome by providing good governance, he said adding, "Voter as consumer first enables the right to exercise his/her rights. Every action as a voter should bring him food, education for children, healthcare facilities, minimum shelter, right to live and equality, etc." He exhorted the gathering of consumer experts to consider the parameters of current initiative "as per the Constitution and rank the consumer-friendly state on such fundamental criteria."

Wajahat Habibullah, who was in chair for the inaugural session, echoed Gopalakrishnan's view, saying, "The Constitution of India has the framework to protect the consumer-citizen of India. Habibullah, who

is also the Chairman, Partnership for Safe Medicines (PSM) India, emphasised that good governance can be achieved only if all the people of the country participate. "Elections alone do not bring good governance to the democratic structure but such initiatives by civil society and consumer organisations will definitely strengthen the vision of the government to provide maximum governance with minimum government through public participation." Pitching for the agrarian community which is a traditionally neglected section in India, he said, "The consumers and the government have to ensure that farmers get the best return from the produce and continue farming as the best option for their livelihood. Consumers too must get access to the best quality food at most affordable prices."

Noting that participation in such platforms have been the windows for him to learn about the expectations of the people from the scientific community, Dr Prakash suggested some relevant criteria under the second pillar—delivery of the health

related services including safe food and access to quality healthcare. "Education, food, health, insurance, shelter and safety for the citizens are the requirements of the day. Development measured on the basis of hunger, malnutrition or obesity, and population below the poverty line based on access to essential basic needs become the criteria for measuring consumer-friendly states in our country," he said Dr Prakash also highlighted the importance of the three Ps, that is, Product, Profit and Protecting the consumers. According to him, the consumer should be made aware of the following four concepts—nature provides food; never call urgent food junk food, call it a junk diet; food evaluation is a need; and safe food's psychological acceptance. Declaring that transparency is needed and useful for consumer citizens, he added, that while there are laws in our country to prevent food adulteration, "What about street food, packaged food or hospital food? Do we have standards? Are we ensuring quality and safety to the consumers? There is also



Auspicious Start: Eminent panelists at the ceremonial launch on the dais including Dr Surinder Singh, Director, National Institute of Biologicals lighting the lamp, former Chief Information Commissioner Wajahat Habibullah, former Chief Election Commissioner TS Krishnamurthy, Dr Ved Prakash, Scientist at CSIR and S Gopalakrishnan, Commissioner of Civil Supplies and Consumer Protection, Tamil Nadu.

unnatural food.” Emphasising the need for building consumer confidence, Dr Prakash queried, “But what is the way forward?” In a scenario where one to three million tonnes of food is being wasted in this world, one important criterion could be how a state uses the available food judiciously to tackle hunger. “Then that state can be categorised as a consumer-friendly state,” he stated.

The availability of financial resources is not always the key to measure the services output of a state, observed Dr Surinder Singh. “A dedicated medical workforce with high-class medical education and involvement of the state authority is the key parameters to measure quality and safe healthcare to the citizens,” opined the former Drug Controller General of India (DCGI), adding, “patient satisfaction is evaluated by the accessibility and availability of medical system.” He applauded Tamil Nadu and Kerala for their health systems. Tamil Nadu’s health expenditure is though low its health services are of high standards and is an excellent model for other states to replicate, he said. Adding to this observation, S Gopalakrishnan said Tamil Nadu has been adopting several activities to enable business in a fair and ethical manner, which has encouraged investments. It has pioneered consumer clubs in all schools and consumer forums in every district and Citizens Charters have been released by all departments in the state.

Raghavachari Desikan, Chairman, Consumer Association of India (CAI), accounted safe drinking water facility, accessibility to safe and quality healthcare, education for all, and electricity at reasonable cost for domestic and industrial purpose—as the criteria to measure most-friendly state in the country. For S V Veeramani, President, Indian Drug Manufacturers’ Association (IDMA), availability and accessibility are the two pillars of health sector. Regarding the third pillar, that is, ease to do business, he illustrated the cumbersome process with his personal example saying he had to obtain 29 approvals from various government bodies to start a pharmaceutical company. Federation of Direct Sellers Association (FDSA) President A P Reddy held that one of the criteria to measure a state’s friendliness on the ease of doing business pillar should be “the

speed with which it clears proposals from the industry and consumer organisations on welfare or business projects.”


John Khiangte, Member, FICCI Direct Selling Task Force, stressing the need for a separate legislation for the direct selling industry, said, “There is an urgent need to bring clarity in the existing laws on direct selling and empower the consumers to distinguish between the genuine/ethical direct selling companies and the fly-by-night/unethical businesses, misleading the consumers in India as direct selling industry.”

S Saroja, Director, Citizen Consumer Civic Action Group (CAG), elaborated five criteria including, ease to do business; confidence among consumers-citizens about health services; affixing of proper labels on repacked products; discouragement to lawyers dominance in consumer courts; states which encourage consumers to file their own complaints and discourage lawyers to appear against complainants to be rewarded; measure the states in terms of their sensitivity towards the citizens like obtaining land (*patta*) certificate easily and promptly.

Prof P Duraisingam, Chairman, CREATE Tamil Nadu, pointed to the prevailing lack of familiarity of government officials with the various provisions of Consumer Protection Act (CPA) and Rules thereof. Respond-

ing to this, Former Chairman, Consumer Coordination Council (CCC) and Federation of Consumer Organisations of Tamil Nadu and Pondicherry (FEDCOT), pointed to the urgency of educating government officials and citizens on the rights of consumers and redress mechanism available under the law.

Rehana Begam, Vice-President, All India Women’s Conference (AIWC), Puducherry, enumerating the factors exploiting consumers like illiteracy, lack of information, women’s safety in public transport systems, etc.

Consumer activist Peer Mohamed had a good suggestion. He called for periodic evaluation of the performance of consumer redressal forums. “The state governments must check if members including presidents have undergone any training or orientation on Consumer Protection Act and rules, if the government has conducted consumer protection council meetings once in three months at district as well as state level, whether funds are allotted to voluntary consumer organisations (VCOs) of the state, and whether the state governments have any system to monitor the working of the public services department.” The deliberations ended on a positive note with the gathering in consensus over the need for such an exercise in other regions for a fair evaluation criteria. 



Aware Citizenry Eminent panelists at the First Regional Consultation Workshop on *Measuring the Most Consumer Friendly States* launching the third quarter report of *The Aware Consumer Report* in Chennai. The Report captured the anomalies in the food and medicines sectors in India.



EASTERN REGION EXHIBITS CAN DO ATTITUDE

Eager to expand and improve its consumer protection work, confident of winning the crown.

BY ADIBA ANSARI & TAC TEAM

Post the consultations in the southern states on the mechanism to measure the *Most Consumer Friendly States*, the brainstorming activity moved to the eastern region for stakeholder participation in this most crucial and first time ever exercise being undertaken in India. The second regional stakeholder consultation was organised by Consumer Online Foundation on April 28, 2015, at Kreta Suraksha Bhawan, Kolkata in collaboration with Government of West Bengal.

The consultation workshop was attended by prominent government officials and consumer activists representing the consumer sector in the eastern region. Sadhan Pande, Minister In Charge of Consumer Affairs, Government of West Bengal, P C Jha, former Chief Commissioner, Government of India, Vice Chairperson of Consumer Online Foundation, New Delhi, Satish Chandra Tewary, IAS, Additional Chief Secretary, Government of West Bengal, Dr A Subbiah, IAS, Secretary to the Government of West Bengal, Dr Surinder Singh, Director of the National

Institute of Biologicals (NIB), Ministry of Health and Family Welfare, Government of India, Rajiv Gupta, Vice President, Federation of Direct Sellers Association, Sumant Kumar Tiwari, Deputy Director, Government of Jharkhand, Regional Licensing Authority, Food and Drug Administration, G S Panda, Consumer Representative, Sonepur, Orissa, Prashanta Kumar Panda, Governing Council Member, Consumer Coordination Council (CCC), New Delhi, Manoj Sinha, Secretary General, CCEA Society, Patna, Bihar, A Sarkar of Residential Consumer Association gave valuable inputs on development of the criteria for the measurement exercise.

In his opening address, P C Jha, who was chairing the inaugural session said that though it was a difficult and time consuming process and will take another nine to 10 months to conduct this unique project of *Measuring Most Consumer Friendly States in India*, it has been taken up by them. There are two main reasons why we need such an exercise he said—to provide security and to carry welfare. Interlinking security with welfare Jha added, “If consumer welfare is not fulfilled up to the expectation level then the security of the country will be questioned.” These two activities are mainly financed by the taxes paid by the citizens. People get delivery of services that they have legitimately paid for, Jha elaborated his premise. He made it clear that the purpose of the exercise is not to point out faults in governance, but to educate and build interest in states by incentivising them to better their service delivery. “There is a wide gap between legitimate expectations of the people and actual achievements of the government”, he said. He welcomed the help of NGOs and volunteer organisations for the government in this endeavour.

Minister Sadhan Pande, releasing the report of the first consultation conference in Chennai held earlier, appreciated the initiative, calling it an eye-opener for the people. Talking about the criteria for evaluating the states, he suggested that it should be done in an “independent manner”, adding, “Such an exercise is the need of the hour as, 99 per cent of the population is the consumer and the government is not putting stress on them and the common people are unaware of their rights. Most of the time their complaints



Being Heard Finally! Audience comprising consumer experts and representatives from various consumer bodies across West Bengal heard the panelists with rapt attention. They were ready with questions, suggestions and recommendations on parameters and criteria for taking the marathon exercise of *Measuring the Most Consumer Friendly States* forward across the country.

go to the dustbin.” Pande emphasised the shabby treatment of consumers.

Notably, West Bengal has made the Consumer Affairs Department independent of the Food Department. The West Bengal government has also set up a Consumer Assistance Bureau where people can file their complaints with the help of a lawyer. The “grievance cell works as local panchayat to help consumers”, said the Minister. Emphasising the importance of enhancing infrastructure and continually updating the system, he concluded his speech saying “by helping consumers one can directly help the people”.

Dr A Subbiah, IAS, Secretary to the Government of West Bengal, admitting that such an initiative is most beneficial for states and was confident that West Bengal could be the strongest contender for the title of the Most Consumer Friendly State, as lots of initiatives are being taken by it for consumers. Subbiah appreciated the four pillars to make consumers aware of their rights, but at the same time pointed to the lack of funds for running such an awareness programme. “The West Bengal government organises 19,000 consumer awareness programmes every year,” he informed adding, the department also proposed a ‘kreta

bandhu’ at the block level to help consumers. Besides, holding regular seminars and workshops to train officers, the department has 21 fully developed forums.

One of the keynote speakers at the conference, Dr Surinder Singh, Director of the National Institute of Biologicals (NIB) under the Ministry of Health and Family Welfare, Government of India, spoke on the second pillar that is delivery of the health related services. “There are five Rs in proper health-care service—Right services, to the Right patient, at the Right time, using Right thing, in the Right quantity.” He added three more Rs to expand the dimensions of consumer care—Right Communication, Right Reason, Right Documentation.

During the joint panel discussion on *Stakeholder’s Perspectives on Consumer Friendly Governance and Stakeholder’s Proposal on The Criteria for Measuring the Most Consumer Friendly States in India*, the participants pointed to the various lacunae in the existing system that shortchange consumers and suggested ways to plug these loopholes.

Rajiv Gupta, Vice President, Federation of Direct Sellers Association (FDSA), initiated the discussion observing, “The number of consumers is growing but still there is a pressure upon them. Consumers are bewil-

dered by advertisements and many times are cheated.” Gupta also pointed to the threat from emerging channels of distribution like e-commerce that do not come under the ambit of existing laws. He concluded on the note that “states should provide legal services at reasonable cost to help consumers”.

Raising concerns over the lack of clarity regarding consumer rights in the medical sector, Sumant Kumar Tiwari, Deputy Director, Government of Jharkhand, Regional Licensing Authority, Food and Drug Administration, said, “Data is not provided to patients and their families and there is lack of transparency which should be immediately addressed.” He called for “standard guidelines to protect consumer rights in health sector”, implementation of which could then become a criterion under the second pillar.

G S Panda, Consumer Representative, Sonapur, Orissa, emphasised the role that consumer forums play in consumer protection. He pointed out, “Initiatives of state governments are important and it is essential for the central government to come forward in creating awareness on this subject.” He called for transparent and credible consumer policy and exhorted forums not to play politics with the agenda of consumer empowerment. He upheld budget analysis and distribution of resources as the key

factors to fulfill consumer needs.

John Khiangte, Member, FICCI Direct Selling Task Force, focussed on three pertinent issues that impact consumer protection—employment challenge, potential industry to solve unemployment and three Ps, Product, Profit and Protection. He said “By 2025 India will be the country having major number of youngsters. There will be more people and more investments and savings which will provide higher productivity and higher income,” adding, “annually 12 million people joining the workforce, among them 65 per cent are untrained and finding the right job for them is difficult.” He informed that the Government of West Bengal is employing 30 lakh people to its workforce annually. All these point to the importance of involving the private sector to solve the problem of unemployment. He also focused on self-employment and entrepreneurship functions. Among 60 lakh people who are self-employed, the majority are women. “By 2025, the ₹65,000 crore direct selling industry would grow and it will create a pool of 180 lakh self-employed people of India, where 100 lakh would be women” he affirmed. He suggested an inter-ministerial committee under the Department of Consumer Affairs to develop the regulatory framework, where consumer will be protected.

Prashanta Kumar Panda, Governing Council Member, Consumer Coordination Council (CCC), New Delhi, made an important point suggesting introduction of “consumer education from school level”. Media has an important role to play in consumer awareness and Manoj Sinha, Secretary General, CCEA Society, Patna, Bihar, stressed on its involvement as vital in informing people. “Educational institutes should also come forward to spread awareness,” he added. As regards the measuring criteria, he said, “Convergence of different departments, number of cases pending, fund utilization, availability of basic services like water, electricity, education for all, real estate, e-commerce, etc., are all key factors to measure the criteria.” Besides, efforts made by the government to create awareness in their state, effort being taken to protect the rights of the consumers and how the consumer forums are addressing the grievances of the consumers are all crucial indicators of a state’s consumer friendliness, Sinha noted. The consultation session came to an end with the panel being thrown open to the audience for discussion. Many suggestions were put forth on the criteria to measure consumer friendliness of states. Suggestions to educate consumers, especially of remote area who do not have any idea about basic facts like what a toll free number is to transparency in government services and a redressal forum in every chamber of commerce were suggested.

Satish Chandra Tewary, IAS, Additional Chief Secretary, Government of West Bengal, in his valedictory session said, “This initiative will go a long way and it will take time to prepare reports to identify which state will be the most consumer friendly state.” He assured, “West Bengal will participate and compete in this initiative and it will be beneficial for the state. Government of West Bengal will take forward the awareness movement with this initiative and beyond it.” Tewary also welcomed all the neighboring states who will be collaborating with West Bengal in this exercise and emphasised that it will improve the ecosystem of the consumers.

Bolstered by the enthusiasm of the participants in eastern region, the deliberations closed on a positive note. 🇮🇳



Connecting Over Consumers At the Second Multistakeholder Workshop held in Kolkata, consumer policy expert Bejon Kumar Misra with Sadhan Pande, Minister for Consumer Affairs, Government of West Bengal, launching the report of the Chennai Workshop.

A National Imperative

If 30 years on, Indian consumers are still at sea regarding their rights, something is seriously wrong with the system and calls for a national debate. *Measuring the Most Consumer Friendly States* is just such an attempt. **BY SANGITA THAKUR VARMA**

The Right of Citizens for Time Bound Delivery of Goods and Services and Redressal of their Grievances Bill, 2011, was introduced in the Parliament in 2011 with the intention of promoting transparency and accountability in the delivery of services by the government. It was perceived by experts to be a better tool than the Lokpal Bill in tackling corruption at the grassroots level. In 2013, the Bill received the nod of the Union Cabinet and was referred to the ministries of Law, Home Affairs and Personnel and Training. Post their recommendations, the draft Bill would have had to pass the muster in Parliament. However, it lapsed. In the winter session of Parliament in 2014, though the Department of Administrative Reforms & Public Grievances, Ministry of Personnel, Public Grievances & Pension, was trying to get the Bill across, it did not succeed. As of now, its status on the ministry’s website reads: “to be introduced/as introduced in the Lok Sabha”.

Bill of Passage

This Bill assumes great significance in view of the *Measuring the Most Consumer Friendly States Index*. Once enacted, it will in fact be the rite de passage for states to become most consumer-friendly. The aim of the Bill is to enforce a mechanism for protection of

citizen-consumers of state services by making it incumbent upon the authorities to deliver goods and services in a time bound manner. The ambit of the Bill is quite wide and includes all authorities that directly deal with citizens—from government bodies to NGOs funded by it, public private partnerships to institutional and statutory authorities, including service provider under statutory obligations. The public authorities interfacing with citizens will be mandatorily required to publish a citizen’s charter with information on the services they offer, the parameters of quality of that service/services and the stipulated timeline for delivery.



This charter has to be published within six months of the Bill being passed by Parliament. It would also be incumbent upon the authority, whether providing service under licensed or statutory obligation, to set a grievance redressal mechanism within 30 working days. Failure to deliver services in time is liable to attract a penalty of up to



“A survey of complaints received... infrastructural facilities and consumers’ perception of the working of forums is also important.”

S Saroja, Director, Consumer Advisory and Outreach (CAG)



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“Since consumers are recipient of the services in a state, consumer redressal mechanism is very important in the form of feedback on the quality of services offered...”

S V Veerramani

President, Indian Drug Manufacturers' Association

₹50,000. Further, public grievance redressal commissions are mandated to be set up at both Centre and state levels, which can then refer a case to the Lokpal. According to the Government of India (goicharters.nic.in), “The main objective of the exercise to issue the Citizen’s Charter of an organisation is to improve the quality of public services. This is done by letting people know the mandate of the concerned Ministry/Department/Organisation, how one can get in touch with its officials, what to expect by way of services and how to seek a remedy if something goes wrong. The Citizen’s Charter does not by itself create new legal rights, but it surely helps in enforcing existing rights.”

The Foundation

If we look at the rights granted to consumers of India under the Consumer Protection Act, 1986 (CPA), we find that the Right to Services and Redressal have been partly enshrined in the rights thereunder. However, the Right to Services and Grievance Redressal for the first time spells out the scope of this Right

and also the liability on the defaulting authority in case of denial of the right. Despite the limitations of the CPA, the Indian consumer has been granted enough instruments of protection under it. It is thus a matter of concern that three decades on, consumers are still mostly ignorant or if aware, feel there is not enough strength in the existing instruments to ensure them their rightful dues. In this scenario, the exercise to *Measure the Most Consumer Friendly States* on the basis of Four Selected Pillars assumes significance for three major reasons:

1. It will act as a platform to generate large scale awareness about the rights of consumers; services provided to various authorities; redress mechanisms at disposal; among other crucial issues.
2. It will incentivise states to improve their own consumer rights records and set new benchmarks.
3. It will start a national dialogue on citizen-consumers rights and responsibilities and open the way for sustained multi-stakeholder discourse for future.

Among the four pillars selected to measure states’ performance, experts are unanimous that consumer education and awareness is the foundation on which alone can a state build a strong foundation of consumer rights. Anggad Singh, Col (Retd), General Secretary, The Consumers Protection and

Grievances Redressal Forum, Punjab, calls “education of consumers and redress system for grievances as the basic tenets that cater to the awareness of consumers” and holds the state governments responsible for ensuring them. “Everyone is a consumer starting from a child onwards,” he says adding, “It is essential that the subject (consumer rights) should be taught in schools and colleges.” Col Singh is concerned at the “perfunctory role” in consumer education and protection. He also feels civil society has a major educative role to play in consumer awareness and redress and must be strengthened to do so. District forums must also be adequately staffed and empowered to discharge their duties, he emphasises.

Raghavachari Desikan, Chairman Emeritus, Consumers Association of India & The CONCERT Trust, says both consumer education and consumer redressal mechanism are of “high priority”. He emphasises, “Use of consumer redressal mechanism will be possible and even effective, only if the consumer is aware or knowledgeable and therefore has the ability to raise issues, including his own personal incidents.” Desikan suggests social audit as a very important out of the box method that should be followed by every department of both the state and the central government. He suggests including PSUs, public sector banks and all other similar

institutions under its ambit. “This social audit should be undertaken outside the arena of the government, preferably by credible, honest and efficient VCOs,” he suggests, to evaluate performance of states on consumer-friendly index.

“Since consumers are the recipients of the service in a state, consumer redressal mechanism is very important in the form of feedback on the quality of service offered in a state,” reasons S V Veeramani, President, Indian Drug Manufacturers’ Association. According to him, a state’s performance on consumer education and grievance redressal should be more on the basic needs of the consumer like water, health, power and infrastructure. S Saroja, Director, Consumer Advisory and Outreach (CAG), explains the current consumer market scenario in India and points out that while it has a large buyers market and consumers have the liberty of an enormous variety of choices with regard to the products or services they want, “but along with this freedom of choice comes the caveat of an equal number of ways to be cheated.” Informed choices by consumers are entirely dependent on the level of consumer awareness. However, as studies reveal, consumer awareness continues to remain low and therefore, the need to educate consumers becomes much important. A measure of states’ success could be the number of consumer clubs in schools and colleges (both, in private and government schools) across the state, their activities over the period of one year, she suggests. “Also, there needs to be a mechanism in place to evaluate awareness in villages, as consumption has increased equally in villages”, she adds. Saroja also points to the infrastructural and procedural issues marring consumer forums and commissions that contribute to delayed disposal of cases and erode consumers’ faith in the system. It is important that the state departments involve themselves more effectively to ensure time bound redressal. “A study of the number of complaints received and time taken to dispose them by district forums and state commissions over a particular period of time would be good. Also, a survey of the infrastructural

“It is not true that the government is not doing anything...but it is not very effective in spreading consumer movements... Majority of the consumers do not know that a redressal system actually exists. A multi-pronged strategy needs to be adopted to build this awareness.”

Manoj Sinha

Secretary General, Cell for Consumer Education & Advocacy (CCEA) Society, Patna, Bihar

“The government is doing its duty but at the same time consumers must come forward and raise their concerns. They should react to incidents happening around them. This is not a one way traffic. Consumers need to be vocal about their rights...”

Prasanta Kumar Panda

Governing Council Member, Consumer Coordination Council (CCC), New Delhi

“This is an excellent opportunity to measure the level of consumer satisfaction, especially in the health sector...like expectations of consumers from the government, whether the state governments are able to measure the expectations of the common man...”

Dr Surinder Singh

Director In- Charge, National Institute of Biologicals, Government of India

“Continuous survey is needed. Mapping of case initiation, disposal as well as proportion of disposal is important and also the quality of disposal. The correlation between the courts disposal and the behaviour of the producers and service providers should be established...”

Satish Chandra Tewary

IAS, Additional Chief Secretary, Government of West Bengal

“Availability of resource material on consumer education for common consumers, multimedia campaign by state on consumer protection, separate directorate for consumer education, better understanding of the role of VCOs are some of the essential parameters...”

Abhishek Srivastava

(Adv), Chairman, Consumer Guild, Uttar Pradesh and Treasurer, Consumer Coordination Council, Delhi

“Social audit is a very important out of the box method which should be followed by every department of both the state and the central governments...also PSUs, public sector banks and all other similar institutions...to be undertaken preferably by efficient VCOs.”

Raghavachari Desikan

Chairman Emeritus, Consumers Association of India

facilities in the forums and consumers' perception of the working of the forums is also important,” emphasises Saroja.

Abhishek Srivastava (Adv), Chairman, Consumer Guild, Uttar Pradesh and Treasurer, Consumer Coordination Council, Delhi, stresses the “proactive” role that the state governments must play in generating awareness among consumers about their rights. “It should be given the highest weightage in evaluating consumer friendliness of a state,” he adds. He also asserts that complaints of consumers must be redressed at the earliest. “It should also be given top priority or weightage in evaluating a state.”

Regarding the parameters for evaluating a state's performance on the index of consumer awareness and education, Srivastava says, “Availability of resource material on consumer education among common consumers; multimedia campaign by the state on consumer protection in its territory; separate department or directorate for consumer education and protection; consumer awareness activities in a state and better understanding of role and recognition of voluntary consumer organisations in a state are some of the essential parameters for measuring a state's performance on the consumer education and awareness index.” As regards grievance redressal, Srivastava says a state's performance can be judged on two criteria: 1) Better Implementation of Consumer Protection Act 1986 and Rules and 2) Total number of Consumer Complaints and Redressed in a year.

Pillars of Hope



Pillar 1

Consumer Education and Consumer Redressal Mechanism

Pillar 2

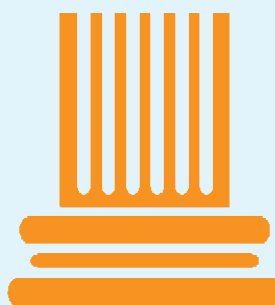
Delivery of Health related Services including Safe Food and Access to Quality Healthcare

Pillar 3

Ease to Conduct Business in the State with Focus on Small and Medium Enterprises

Pillar 4

Accessibility to Public Services and Governance



Health of a State

How proactive is a state in ensuring the health of its citizens? Are the citizen-consumers getting quality health services, timely interventions and most importantly awareness on the availability of services as well as health advisory on epidemics or outbreaks? Fast dissemination of information to masses on preventive health measures is of paramount importance and it is essential that proper medical facilities, doctors and para medical staffs are available at the nearest point to common people. Mere construction and provision of infrastructure without trained staff is of little use. Scientific municipal and industrial waste management to ensure that effluents do not make water unfit for human consumption or for agriculture purposes must all feature on the list of criteria. “But above all these is the masses faith in the system that they will be well cared for in any eventuality,” asserts Col Singh.

Saroja calls delivery of the health related services including safe food and access to quality healthcare a very vast area, especially if it includes food and health services. Explaining her point she adds, “For instance, when we talk about safe food, there are various aspects to it like adulteration, hygiene, pre-packed food—labelling and quality issues, quality of food served in restaurants of different class, food served in hotels in rural areas, street food and so on. Also, efficiency of the functioning of the food authority in the state, consumers' perspective of their performance, need to be taken into consideration.” As is

obvious from this, the pillar involves many layers of scrutiny. There are various issues like confirmation to minimum standards of treatment, hygiene, cost of healthcare, medicine costs, accessibility to quality and cost effective healthcare in metros and villages, which need to be evaluated to assess a state's performance and both private (various categories of hospitals under this) and government hospitals will have to be evaluated to arrive at a state's performance on this indicator. As Srivastava rightly puts it, safe food and quality healthcare are "Fundamental Rights of citizen-consumer".

Business Breeds Competition

Ease of conducting business is important to gauge a state's consumer friendliness because better environment of business in a state invites more and more people in that state for business and increases competitiveness. "Consumers always benefit when there is competition in the market. Monopoly is, on the other hand, detrimental for consumers," explains Srivastava. Since right to choose is also a Right under the Consumer Protection Act, 1986, the measurement criteria for consumer friendliness under this pillar should be the products and services offered in particular state by various service providers or producers. Availability of various products and services in a particular state by small and medium scale players will ensure low cost advantages to consumers.

Veeramani seconds this view adding "there will be enough supply of products and services, which will be beneficial to the consumers." SMEs provide products at competitive prices and are able to reach the rural areas. A special focus on SMEs can increase availability of products at an affordable price and accessibility of the same to consumers even in remotest locations.

Col Singh emphasises the need to change the way that we have been doing business in India. "Paper work should be reduced to the barest minimum. In time to come it will be a paperless and cashless society and the earlier we adapt to it, the better it will be." Saroja feels that it would be more appropriate to conduct a survey of consumers across the state to understand accessibility to



"Everyone is a consumer starting from a child onwards... it is essential that consumer rights is taught in schools and colleges...students must be involved..."

Anggad Singh, Col (Retd), General Secretary, The Consumers Protection and Grievances Redressal Forum, Punjab

quality products and services in the state for evaluating a the state's performance. Besides, ease of conducting business facilitates setting up of more businesses in the state and thus helps consumers access a wide range of products at competitive prices. It creates employment opportunities for many. It is important that the processes be transparent and quick. Otherwise, this is likely to directly impact the cost for consumers. A survey of various industries/ manufacturing units/cottage industries that deal with consumers directly and consumers' perception on the matter would help in fair evaluation, Saroja contends.

Governance for Good

As regards accessibility to public services and governance being crucial to a state being citizen friendly, Desikan finds it a difficult parameter, saying, "The index has to be carefully worked out so that neutrality of the assessment is assured." He also cautions that government representatives are extremely sensitive and resent criticism or confrontation, hence one must be circumspect when evaluating governance issues. "An assessment of the users of government services has to be conducted in each state," he however, asserts with a word of advice. "The differences are far too many between states. There are various reasons for such differences, but in order to arrive at an honest index, a lot of

homework from field work and discussions and consultations are necessary." Veeramani says accessibility of public service should be evaluated from the consumer point of view on the "availability of public service and timely service" for if a state is consumer friendly, it means that they are receptive to consumer needs, which is basic for good governance.

For Desikan, "Good governance can be satisfied when governments take the view that every citizen of this country is a consumer of one thing or the other. Therefore, a good rating for a state will result only with satisfied consumers from every spectrum of service or product if manufactured by government owned or sponsored companies, provided through good governance."

Saroja suggests a survey of the services offered by government departments that interact/impact consumers directly to understand accessibility to those services, quality, redress mechanisms available, etc., and consumers' perspective to evaluate actual performance.


Good governance encourages officers to be more confident in providing frank and fearless service, which is beneficial to consumers. *Measuring the Most Consumer Friendly State* will promotes communities' confidence in the system and lead to ethical decision making among governments where legal requirements are met in the interest of citizen-cobnsumers. 



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"The industry holds huge potential not only for economic development, but also social development of the country...the industry is projected to employ nearly 1.8 crore direct sellers by 2025... offers opportunity to build independent business"

Rajat Banerji,
Chairman, FICCI Direct
Selling Committee

DELIVERY AT DOORSTEP

In a world where people are running against time, retail shopping is an uphill task. It is here, where direct selling gains significance. At a seminar recently, experts mulled its pros and cons. **BY PAYAM SUDHAKARAN**

The days when customers went to shops, stalls, malls and retail outlets to buy the items of their choice are a thing of past. It is a role reversal of sorts now. Consumer durables are delivered at their doorstep. After all, who has time to go and do all the shopping and other tedious trade activities?

It is the age of direct selling, and according to the Federation of Indian Chambers of Commerce and Industry (FICCI), the voice of Indian commerce, India's direct selling industry has the potential to engage 18 million direct sellers and to reach a size of ₹64,500 crore by 2025. Interestingly, South India is fast emerging as the biggest direct selling market in the country. Globally, Asia-Pacific markets in 2013 held nearly 43 per cent of market share of direct selling industry at around US \$ 77,569 million and recorded a growth rate of 12.6 per cent.

In an event organised by FICCI in Hyderabad recently, it was analysed that the sector has the potential to engage over 10 million women as direct sellers by 2025. Its contribution to the government revenue is expected to increase nine fold to ₹9,000 crore by 2025.

Addressing the event, former Karnataka Director-General of Police Shankar Bidari exhorted the direct selling sector to make public its business process, particularly the commission structure. He said such a disclosure would act as a shield for the sector, which, in the absence of regulatory clarity, was facing cases under the Prize Chits & Money Circulation Schemes (Banning) Act, 1978. He said the stakeholders should publish the business process, giving details of the cost of product and commission the direct sellers were paid.

Unfortunately, a sector of such a mammoth potential lacks the clarity in understanding the concept to make an

impact on livelihood of micro entrepreneurs. According to Bejon Kumar Misra, International Consumer Policy Expert & founder of Consumer Online Foundation, who addressed the seminar, direct selling should be understood in a way it should be and there is a dire need to facilitate clear understanding of the concept to make an impact on lives of micro entrepreneurs. Bidari said apart from a proper legal framework governing the sector, there was a need for government measures to help weed out "fraud elements at the nascent stage itself." Direct selling as a business had got huge potential, he said and underlined that the wrong-doers must be punished.

Misra said, "Consumer policies and rights are only on paper but in reality no one really bothers about them and no justice is done. We should not tolerate any injustice against the consumer. The seller should be made responsible to consumer's concerns and if he is not satisfied with the product, his money should be immediately refunded." According to another dignitary present in the seminar, former Union Consumer Affairs Secretary L Mansingh, the Centre had constituted an inter-ministerial committee to study the problems being faced by the direct selling industry. He said, however, there had not been much headway following the first meeting of the committee recently. "Under these

circumstances, the stakeholders should focus on guidelines and create awareness among the State governments," he said.

Speaking on the occasion, FICCI Direct Selling Committee Chairman Rajat Banerji said, "Direct selling is one of the oldest forms of sale in the world and its main aim is not only selling but to create micro entrepreneurs. In less than two decades, it has provided self-employment opportunities to more than 50 lakh people in India as direct sellers. The industry holds huge potential not only for economic development, but also social development of the country. With the growth in the industry, it is projected to employ nearly 1.8 crore direct sellers by 2025." Banerji calls it a potential avenue for employment as it not only makes people economically independent, but as a result, they also become confident. "It offers direct sellers the opportunity to build independent business through selling directly to consumers," he adds.

According to experts, direct selling is one of the fastest growing non-store retail formats in India, recording double digit growth of more than 20 percent over the past five years. It also has a significant impact on socio-economic parameters because of its nature. In less than two decades, since direct selling took off in India, it has provided self-employment opportunities to more than 50 lakh people in India as direct sellers. Interestingly, nearly 60 percent of direct sellers are women, thus empowering them with additional income and transferable skills. The industry also generates direct employment through manufacturers and other service providers involved throughout the value chain of the

industry. The industry has led to technology percolation and enhancement of many SMEs by association with international companies. Also, many direct selling companies have been in the forefront by actively contributing towards social activities.

According to a study by Dr Bibek Debroy, now member

18
million
The number of business owners forecast to join the direct selling industry by 2025.



Panelists emphasised the need for a dedicated legislation for direct selling to distinguish it from money circulation schemes and allow the benefits of the industry to percolate to consumers.

of Niti Aayog, National Law School University of India, there is a need to bring about regulatory clarity to build an environment of trust in order for this industry to reach its potential. There is also a need to bring regulatory certainty for the industry, which is mistakenly coupled with money circulation schemes because of a lack of clarity in existing legislations.

His study says, "There is an urgent need for a proper roadmap for mitigating the regulatory challenge for the industry by recommending an immediate amendment in the governing legislation, followed by a clear definition and categorisation as 'wholesale cash and carry trade' to smoothen FDI inflow, and an independent legislation." According to FICCI, "The industry holds large potential not only for the economic, but also social development of India. With growth in the industry, it is projected to employ nearly 1.8 crore direct sellers, with almost 1.1 crore of them as women." Direct selling is a global industry, operating in over 100 countries with a market size of US\$ 167 billion. It refers to the selling of goods and services to the consumers away from a fixed retail outlet, generally in their homes, workplace, etc., through explanation and demonstration of the product by direct sellers. USA, Japan

and China are key markets for the industry.


A white paper launched by the FICCI-KPMG last year highlighted the challenges faced by the industry in India, and suggested a roadmap for enabling the industry going forward. It emphasised on the need to distinguish between the genuine and fraudulent players, and any regulation that is proposed should keep in mind the interest of consumers as the first priority.

According to a study released by FICCI, the modern direct selling industry can be considered to have pioneered in the USA, with the establishment of Avon in 1886. With the success of this model, involving lower sales, and distribution costs and greater direct interaction with the consumer, the portfolio of products swelled to include cosmetics, personal care, household goods, accessories and other products, over time. The movement was supported by the engagement of women as direct sellers, who considered this opportunity as a means of empowerment and self-reliance.

The introduction of the multi-level marketing compensation plans (MLM plans) opened another chapter in the evolution of direct selling. Introduced in the mid-twentieth century, the plan for the first time enabled consumers to benefit from the success by providing them the option to

become a direct selling partner of the business. MLM plans became widely accepted and a large number of companies adopted the same including global majors like Tupperware and Amway. The study says that the sector not only adds to additional income opportunities, but also actively involves in women empowerment, development of SME sector, employment generation, CSR initiatives and contribution to the government exchequer.

According to industry experts, however, a daunting challenge for the direct selling industry in India is lack of regulatory clarity. Due to this, often direct selling companies are mistaken for fraudulent pyramid/ponzi schemes. States like Andhra Pradesh, Kerala, Sikkim and Union Territories like Chandigarh, have on several occasions mistaken legitimate direct selling companies with fraudulent players because of absence of required regulatory clarification.

Such uncertainty is likely to impede the growth and reputation of direct selling companies in India. In many cases, due to absence of clarity, representatives of direct selling companies have been harassed by the local police and state governments. Such incidences tend to hinder the growth of the industry and can have an adverse effect on consumer confidence, they opined. 



DR PREM
LATA

All is not well with the consumer forums today...”

DR PREM LATA is a judicial, legal and consumer rights expert. An active legal luminary, apart from her other involvements, she is currently also Member, Consumer Forum (since 2001, under State Consumer Dispute Redressal Commission of Delhi). She is also behind the online consumer awareness and redressal initiative, www.consumerawakening.com.

SHE IS AN author and a poet with a vast body of published work besides being an activist and a social worker.

The first consumer forum was set up on August 19, 1988, in Delhi after a lot of persuasion and PILs filed by NGOs. Since then, the Government of India and the Supreme Court have extended full support to consumer forums, enhancing their scope by every new amendment. In recent years, there have been many discussions on infrastructure and other administrative issues as being the primary reasons for piling up of a large number of cases and the subsequent delay in their disposal. However, in looking at the consumer redressal from this narrow perspective, we are closing our eyes to other more important underlying problems. There are issues other than infrastructural and administrative that are impacting the functioning of consumer courts and must be addressed on priority. A survey by the National Consumer Helpline and an analysis of its caller details have shown that the working pattern of consumer courts is the real issue aggravating consumers' problems. From all accounts, certainly, all is not well with the consumer forums in India today. There are certain glaring issues which need immediate attention. For instance, the judicial officers are accustomed to working under civil procedure code in the civil courts. Presidents of consumer forums can be either retired judicial persons or advocates with seven years experience. Those who come from judicial background are attuned to civil procedure code and have the temperament of advocates rather than that of counsellors to make the forum a friendly court for consumers. Invariably, advocates promptly refer to CPC, file application after application under some order or rule. Such officials, instead of disposing off the application at the time of filing it, routinely give

it to consumer for comments which lead to further arguments. The poor consumer unaware of the legalities, has to come with an advocate on the next date of hearing. As, the practice of protracting consumer complaints is not discouraged in the forums, they are now functioning like civil courts. This is neither desirable, nor is it in the interest of the consumers. Below are some reasons for the poor rate of complaints disposal:

1. Preliminary Objections Not Settled

At times, a consumer forum does not have the jurisdiction to admit a case but still the case is admitted. The case drags on only to be dismissed for want of jurisdiction.

2. Multiple Notices

As per the procedure, if notice does not come back as unserved to the opposite party, it is presumed served. At the most, one additional *Dasti* notice can be given. Yet, notices are sent many times by the forum delaying the entire process.

3. No Ex-Parte Order

At times the opposite party remains absent for a number of dates. O. P. should proceed ex-parte after one or two dates but the matter is adjourned without reason.

“The debate on the issue whether sitting judges should apply for posts in tribunals or not is hotting up...may try to influence the selection process...or wait for their retirement...”

4. Adjournments

The summary procedure under Consumer Protection Act provides no adjournments without noting the reasons for adjournment in special cases. But it is a normal practice to adjourn the matter for two to three dates without making any noting or assigning a reason.

5. Notice After Order

Consumer forum does not have the jurisdiction to review its own order. Only clerical mistakes are allowed to be rectified through corrigendums and no amendments are allowed. But at times, the forum issues notices to parties after order has been pronounced pointing out some mistake and reopens the case.

6. Prolonged Expert Opinion Process

The forum appoints expert agency, sends relevant document/vehicle for fixing time and place, directing the parties to follow the process in prescribed time, etc. But the process of obtaining expert opinion is prolonged endlessly for one reason or the other. Some forums have developed standard proforma and are working well but most are working in a haphazard manner.

7. Appearance of Proxy without File

Because of summary procedure, a case needs to be disposed off within minimum time. However, appearance of proxy counsels who have no knowledge of the case or without pertinent file just to obtain adjournment is not discouraged. The Supreme Court in the matter of Sanjay Kumar vs State of Bihar & Anr; decided on January 28, 2014; wherein a three-judge bench comprising B S Chauhan, J Chelameswar, M Y Eqbal, in Special Leave Petition (Crl.) No. 9967 of 2011 ordered is hereunder:

“In the instant case the counsel appearing in the court for the petitioner designated himself merely has a proxy counsel. The Advocate-on-record (for short AOR) had no courtesy to send, at least, a slip mentioning the name of the counsel who has to appear in the court. Thus, in such a fact-situation, we had no advantage even to know the name of the counsel who was appearing in the court.”

“In such a chaotic situation, any Arzi, Farzi, half-baked lawyer under the label of proxy counsel a phrase not traceable under the Advocates Act, 1961 or under the Supreme Court Rules, 1966, etc., cannot be allowed to abuse and misuse the process of the court under a false impression that he has a right to waste public time without any authority to appear in the court, either from the litigant or from the AOR, (advocate on record) as in the instant case.”

8. Order Signed by Absentee Member

As per the law, member present at the time of argument can alone sign the order. But member absent at the time of argument signs the order and then it is open to challenge before the higher court for want of power/jurisdiction.

9. Order Not Signed by Member Present

As per Consumer Protection Act, the order has to be signed by member present on the day of argument and not on the day of marking signatures. But the order is often not signed by member who was present on the day of argument making it invalid and open to challenge.

10. Senior Citizens Disadvantaged

A lot of emphasis is given to secure the interest of senior citizens in the Act and rules. But high stake cases, such as real estate and insurance, are unnecessarily prolonged harassing them.

11. Members' Contribution Negligible

Contribution of other two members of the forum is negligible because they lack legal knowledge to share with the president who has been functioning independently as the judge. There is hardly any occasion when the two members are in equal position with the president and discuss their viewpoint.

The debate on the issue whether sitting judges should apply for posts in tribunals or not is hotting up now. The issue is gaining momentum as sitting judges may try to influence the selection process and if their tenure is yet to be over, they make the department wait for their retirement. Justice R S Sodhi, former Delhi High Court judge, feels judges applying while still in service denigrate the judicial system. Sharply criticising this phenomenon, Justice Sodhi says “This is the crisis of morality within the judiciary. It’s so deep that we have a situation where judges are vying with each other for a post after retirement.” Ideally, in my view a sitting judge should never apply “What kind of judicial independence we are talking about if judges start applying like this with the government,” remarks justice Sodhi. 🙄

“Consumer Assistance Bureau of West Bengal is the first of its kind in India... helps poor consumers...”

Sadhan Pande, Minister In-Charge of Consumer Affairs, West Bengal



“We are doing everything for consumer welfare...”

Sadhan Pande, Minister In-Charge of Consumer Affairs, Self-Help Group and Self Employment, Government of West Bengal, on the state’s initiatives to protect the rights of its consumers.



What are the initiatives you have taken to make West Bengal a consumer friendly state?

We are doing our best to help the consumers of our state. We have set up the grievance cell for public to receive their applications and we are trying to settle their grievances. Apart from registering their grievances, they can go to the court where Consumer Assistance Bureau (CAB) helps them. Consumer Assistance Bureau of West Bengal is the first of its kind in India. This body helps those poor consumers who approach the court for grievance redressal but are unable to meet the expenses to fight a court case.

There is one lawyer and an NGO funded by our Consumer Affairs Department in the Consumer Assistance Bureau. They assist the common consumers in the court. We have started this process across the state. So, through this initiative consumers across the state are being benefitted.

Courts are also giving strong judgments. Initially, they used to be very slow in processing a case, but we have begun a training programme for them. We meet every six months and give them fresh briefing. We create awareness about the Consumer

Protection Act. Under the Act, a consumer court can arrest people and also seize property. The high court is a little annoyed with this and is asking as to why the consumer court is giving out such verdicts. We are now filing an SLP in the Supreme Court, appealing for a verdict whether consumer courts in India will function according to the Consumer Protection Act passed by Parliament or not. In our system one needs to go to the lower forum first and then only can he go to the state commission and finally to the national commission. If you lose in the national commission, you can then appeal in the Supreme Court. So, we are doing everything for consumer welfare.

What should be the criteria for a consumer friendly state?

I am not the right person to set the criteria. I do not know about other states but I can talk about our initiatives. We did a lot of work in the last three years. We have taken consumer awareness initiatives through television programmes, FM radio, hoardings, etc. We run our campaign in Kolkata Metro channels also. Everywhere people get to know about consumer rights. There is a consumer movement in the state. If

you threaten a shopkeeper that you will take him to the consumer court if he is not doing fair business, he will call you back and settle the matter. Nobody wants to get involved with the hassles of government machinery. We are taking up cases of flats, disputed properties and many other cases. We are now doing well and our budget has also increased.

What are your future initiatives?

I am planning to have an advisory committee comprising representatives from IIM-C, IIT-Kharagpur, Jadavpur University and Mr Bejon Mishra along with my secretary. This proposed five member committee will give me ideas about e-commerce. With more people shopping online, we have to play our part to control any kind of fraud that is happening in the online space.

(Mr Sadhan Pande spoke on the sidelines of the Regional conference on “Criteria for Measuring the Most Consumer Friendly State(s) in India”: All Stakeholders’ Consultation in collaboration with Government of India, Department of Consumer Affairs, Ministry of Consumer Affairs, Food & Public Distribution and Government of West Bengal, Department of Consumer Affairs)

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