

## Preface

*The growing interdependence of the world economy and international character of many business practices coupled with the change in the concept of State from welfare to contracting have contributed to emergence of universal emphasis on consumer rights promotion and protection. Consumers, clients and customers world over, are on the move and demanding value for money in the form of quality goods and better services. Modern technological developments have no doubt made a great impact on the quality, availability and safety of goods and services but the fact of life is that the consumers are still victims of unscrupulous and exploitative trade practices. In view of this fact the Planning Commission, has for the first time selected 'Consumer Protection' as one of the subjects to be included as priority areas for the Eleventh Plan and constituted a Working Group to formulate a comprehensive set of policies, programmes and strategies to launch a strong policy paradigm for consumer protection.*

*The Working Group in its first meeting constituted four sub groups on (i) Consumer Awareness and Education including Misleading Advertisements; (ii) Consumer Protection and Redressal Mechanism; (iii) Internal Trade and Futures Market and (iv) Quality Infrastructure including Standardisation, Conformity Assessment and Legal Metrology. These sub group reports form the basis of the final report of the Working Group, which is in two volumes. I wish to place on record my appreciation and thanks to the members of the Working Group and of the sub groups especially the conveners of all the four sub groups for their active involvement and constructive suggestions. I would also like to express my thanks to Mrs. Alka Sirohi, Additional Secretary, DCA and Mrs. Rinchen Tempo, Joint Secretary, DCA for their help and keen interest in ensuring smooth functioning of the Working Group. I would also like to place on record my appreciation for the dedicated services rendered by Prof.S.S.Singh of IIPA and the officials of the Department in facilitating the work of the sub groups and the Working Group.*

Date:

Place:

(L. Mansingh)

Chairman

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## EXECUTIVE SUMMARY

Report of the Working Group is in two volumes. **Volume One** comprises of five chapters. Chapter-1 Introduction. Chapter-2 Tenth Plan Allocations and Achievements. Chapter-3 Policy Paradigms and Strategy for Eleventh Plan. Chapter-4 Human Resource Development through Training Intervention and Chapter-5. Recommendations and Suggestions. **Volume Two** is the compilation of reports of the four Sub Groups. Recommendations and Suggestions of the Sub Groups generally form the basis of the Working Group's major recommendations and suggestions.

It is now universally accepted that the level of consumer awareness and protection is a true indicator of the development of a country and the progressiveness of its civil society. An effective, efficient and fair implementation of an integrated National Consumer Protection Policy is one of the conditions precedent for promoting the culture of good governance. In addition, it may be highlighted that the consumer protection movement in our country is directly linked to the underlying objectives of the Constitution of India, particularly the Directive Principles of State Policy.

Under review of Tenth Plan and Other Schemes operated by the Department of Consumer Affairs during the Tenth Plan period, details are provided in Chapter 2 along with a number of new schemes implemented by the Department. It also covers details of the multi media campaign and its evaluation through a survey by ORG Centre for Social Research and Indian Institute of Mass Communications. Chapter 3 provides a blue print on Policy Paradigm and Strategy for Eleventh Plan highlighting the Vision and the Mission of the Department and aims and objectives of the policy shift which is **Continuity with Comprehensive Change** and thrust on **Public Private Partnership**. Chapter 4 is about Human Resource Development through training interventions including international training for main actors responsible for administering consumer protection schemes and programmes in Central and State Governments so that they can be exposed to the best practices operating in the area of consumer protection in developed countries.

The Working Group after detailed deliberations and discussions made recommendations and suggestions which are in Chapter 5 to provide further boost to the consumer movement in the country.

## **Major Recommendations and Suggestions**

**1. Policy Shift:** In regard to policy on consumer protection, broad approach of the Working Group is on “**Continuity with Comprehensive Change**”(CCC). To this end following are the recommendations:-

1. Formulation of a Comprehensive National Consumer Protection Policy in conformity with the UN Charter on Consumer Protection with emphasis on pro-active promotion of consumer rights protection and with focus on rural areas and deprived sections of consumers in active partnership with all actors and stakeholders.
2. National Policy for Quality Infrastructure covering Standardisation and Legal Metrology to provide a rational framework for development of unambiguous and reliable market/society driven standards, systems of Legal Metrology and Conformity Assessment.
3. Removal of constraints for seamless Internal Trade, creation of a Common India Market and making India a global hub for commodity trading.

**2. New Legislations and Institutions:** Such as National Consumer Protection Authority Act; National Quality and Standardization Authority Act; A Central Legislation governing the spot markets

**New Institutions:** National Quality and Standardization Authority; National Consumer Protection Authority; National Electronic Spot Market; National Enforcement Authority - for complete coordination of enforcement of all regulations at national level and to also coordinate with other supportive organizations having a complementary role in the system, etc. **(Para 5.3)**

**3. Existing Legislations:** Consequent upon the recommendations made, certain modifications in the existing Legislations, are necessary, such as: 1. Amendment of Consumer Protection Act, 1986, 2 Amendment of BIS Act, 1986, 3. Simplification of Taxation Laws, 4. Amendment to the Forward Contracts (Regulation) Act, 1952, etc. **(Para 5.4)**

**4. Expansion of Existing Institutions:** Existing Training Institutions under the Department of Consumer Affairs need to be upgraded. These Institutions are: Indian Institute of Legal Metrology, Ranchi *and* National Institute of Training in Standardisation, NOIDA. **(Para 5.5)**

### **5. Extension and Expansion of Existing Schemes**

- ◆ Deepening and widening of Consumer Awareness Campaign through Mass Media - by using print media, radio, T.V., covering topical issues, media units set up by selected VCOs, internet, mobile outdoor publicity etc.
- ◆ Existing projects like integrated project on filling critical gaps in infrastructure of consumer grievance redressal and the Confonet Project on computerization and networking of Consumer Fora need to be continued in the Eleventh Plan
- ◆ The Scheme on “Promoting Involvement of Research Institutions, Universities/ Colleges etc. in Consumer Protection and Consumer Welfare” should be extended and expanded to cover more activities and institutions.
- ◆ Inclusion of course on consumer affairs in the curriculum at graduate and postgraduate courses in colleges and universities.
- ◆ Intensifying campaign and facilitation for the adoption of standards and conformity assessment across manufacturing and service sectors, creation of general awareness regarding quality and
- ◆ Strengthening of the Legal Metrology wing of States & UTs.

**(Para 5.6)**

**6. New Initiatives:** New Initiatives that need to be undertaken in the context of these recommendations are: -

- ◆ **Establishment of a National System for Standardization;** to achieve harmonious development of services to evolve: Uniform national standards through BIS, the national standards body; Adoption of standards and regulations prepared by regulatory and other SDOs as

national standards by BIS working as the national standards body;  
Development of a National Standards Data Base.

- ◆ **Upgradation of WTO –TBT Enquiring Point:**
  - ◆ **Establishment of a National System for Conformity Assessment and Compliance that would include:** (a) Opening up of BIS standards for certification by different accredited certification agencies; (b) Mandating accreditation of all certification schemes by accrediting body; (c) Upgrading third party laboratory testing facilities to international level; etc.
  - ◆ **Public Private Partnership –** Industry and manufacturers are important stakeholders in consumer protection and welfare. Hence at the operational level, as and where appropriate, the PPP model would be adopted.
  - ◆ **Horizontal Linkages –** Active Partnerships and cooperation should be promoted amongst the departments having a consumer interface.
- (Para 5.7)**

**7. New Schemes:** Following schemes are under finalization for setting up National level projects in collaboration with leading consumer organizations, industry associations and academic institutions like IITs, IIMs, IIPA, IIFT and reputed central Universities to provide consumer education, training and research on a more structured and sustained basis.

Instituting awards for various categories, including industry on the basis of their responsiveness to consumers; Setting up of Centers of Excellences in IITs, IIMs and other reputed Institutions; Facilitating Class action suits for major consumer problems; and Supporting a network of private non-commercial laboratories for testing of food, petroleum and other common consumer products.

The following other suggestions have been included:

- ◆ **University and College Education –** Structured study on consumer affairs as a part of syllabus in the universities and colleges
- ◆ **Fellowships for Research:** Over the plan period fellowship for full time M. Phil and Ph.D scholars

- ◆ **Grants for Books and Journals to Libraries:** to University, College and research Institutions including National and STIs.
- ◆ **Testing Laboratories** and assessing centers under Hallmarking should be supported through subsidies.
- ◆ **Greater involvement of Government Departments** and concerned stakeholders will be promoted in development of standards.
- ◆ **Participation of consumer organization/ VCOs** and Scientific bodies should be enhanced in the next 5-year plan.
- ◆ **Nationwide awareness campaigns** among various stakeholders like farmers, stockists, importers, exporters about the useful role played by Commodity Futures Markets. The consumer cells, self help groups and institutions of village panchayats can be used to generate awareness.

**(Para 5.8)**

**8. Evaluation:** In addition to the existing internal evaluation mechanisms, emphasis should also be placed on an institutionalized system of formal evaluation through independent professional agencies

**(Para 5.9)**

**9. Capacity Building:** In addition to the measures already suggested in paras 5.6 and 5.8 pertaining to college and school curriculum/ syllabus and student mobilization, a few other measures are suggested for Capacity Building:

**(Para 5.10)**

1. **Human Resource Development/ Capacity Building for Quality Infrastructure through:** Promotion of National Quality Campaign; Capacity Building of SMEs and unorganised sector; Strengthening laboratory infrastructure in BIS; Training of Trainers in all fields amongst stakeholders, etc.
2. **HRD through Training Intervention, so as to develop:** a band of about 60 Certified Trainers, possibly two from each state/ UT; Designing standardized training package; and Conducting annually at least two Training of Trainer programmes at the National Level.

3. **International Training Programme:** In view of the fast changing global scenario there is a need for international training to certified trainers and officials dealing with consumer protection and consumer welfare so as to enable an exposure to international best practices to be benchmarked in our country for strengthening consumer protection and consumer welfare.

**10. Infrastructure:** The recommendations in relation to strengthening and development of Infrastructure are: **Strengthening the functioning of the Commissions and Fora; adequate infrastructure at the State level; Strengthening of the Department of Consumer Affairs.** (Para 5.11)

**11. Budget Estimate for the XI Plan:** For consumer protection programmes / schemes and activities the estimated budget is Rs. 2165.84 crore for the XI Plan period. Details of the budget estimates are given in **Annexure- VIII**

(Para 5.12)

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## Terms of Reference

The Planning Commission vide its Office Order No.I&M-3(36)/2006 dated 7<sup>th</sup> June 2006 constituted a Working Group on Consumer Protection in the context of the Eleventh Plan under the Chairmanship of the Secretary, Department of Consumer Affairs. The first meeting of the Working Group on Consumer Protection was held on 13<sup>th</sup> July 2006. The ToR as stipulated in the Planning Commission's letter is as follows:

1. To recommend a comprehensive set of policies, programmes and action plan to launch a strong paradigm for consumer protection covering *inter alia* consumer rights to awareness, education and redressal of grievances and quality infrastructure and standardisation.
2. To identify specific areas requiring government intervention and to suggest ways and means to enhance responsiveness of private sector to consumers.
3. To make an assessment of resource requirements and manner of financing including PPP models in the Eleventh Five Year Plan.

**Planning Commission, Government of India**  
**Constitution of Working Group on Consumer Protection**

1	Secretary, Dept of Consumer Affairs	Chairman
2	Dr. Jai Prakash Narain, Lok Satta, Hyderabad	Member
3	Shri Manu Bhai Shah, Suraksha Sankool, Thatlej, Ahmedabad	Member
4	Dr. Sunita Narain, Director Centre for Science & Environment	Member
5	Shri Pradip Mehta, CUTS, Jaipur	Member
6	Shri Devendra Narain, IRS (Retd.) & Researcher	Member
7	Additional Secretary, Department of Consumer Affairs	Member
8	Director General, Bureau of Indian Standards	Member
9	Chairman, Forward Market Commission	Member
10	Senior Economic Advisor, Department of Consumer Affairs	Member
11	Adviser (Industry & VSE), Planning Commission	Member
12	Representative of Ministry of Health	Member
13	Representative of Ministry of Food Processing Industries	Member
14	Representative of Ministry of Information & Broadcasting	Member
15	Representative of Ministry of DAVP	Member
16	Representative of VOICE	Member
17	Representative of CII	Member
18	Representative of FICCI	Member
19	Representative of ASSOCHAM	Member
20	Representative of Competition Commission of India	Member
21	Representative of TERI	Member
22	Representative of National Consumer Disputes Redressal Commission	Member
23	Representative of Government of Gujarat	Member
24	Representative of Government of Andhra Pradesh	Member
25	Representative of Government of Rajasthan	Member
26	Representative of Government of Karnataka	Member
27	Representative of Government of Sikkim	Member
28	Prof. S.S. Singh, IIPA, New Delhi	Member
29	Joint Secretary, Department of Consumer Affairs	Member-Secretary

## Constitution of Sub-Groups of the Working Group on Consumer Protection

### Sub Group I: Consumer Awareness & Education, Misleading ads.

I.	Nominee of TERI	Member
II.	Shri Manubhai Shah, CERC	Member
III	Shri Pradip Mehta, CUTS	Member
IV	Nominee of VOICE	Member
V	Nominee of FICCI	Member
VI	Nominee of ASSOCHAM	Member
VII	Nominee of CII	Member
VIII	Nominee of Govt. of AP	Member
IX	Nominee of Govt. of Gujarat	Member
X	Nominee of Govt. of Sikkim	Member
XI	Nominee of Govt. of Karnataka	Member
XII	Nominee of Health & Family Welfare, GOI	Member
XIII	Nominee of DAVP	Member
XIV	Nominee of Ministry of I&B, GOI	Member
XV	CCA,DCA,GOI	Member
XVI	Director (CPU,DCA),GOI	Member
XVII	Dy. Secretary (Pub.) , DCA,GOI	Member
XVII	Dy.Secretary (CWF), DCA, GOI	Member
XIX	Nominee of BIS	Member
XX	Prof .S.S.Singh, IIPA, New Delhi	Member
XXI	J.S.(CA), GOI jsrt –ca@nic.in	Convener

### Sub Group II: Consumer Protection And Redressal Mechanism

I.	Shri Manubhai Shah, CERC	Member
II.	Shri Pradip Mehta, CUTS	Member
III	Nominee of VOICE	Member
IV	Nominee of FICCI	Member
V	Nominee of CII	Member
VI	Nominee of ASSOCHAM	Member
VII	Nominee of Health & Family Welfare, GOI	Member
VIII	Nominee of M/o Food Processing, Industries, GOI	Member
IX	Nominee of Govt. of Karnataka	Member
X	Nominee of Govt. of Gujarat	Member
XI	ADG (Certification), BIS	Member
XII	Nominee of NCDRC	Member
XIII	Nominee of Competition, Commission of India	Member
XIV	Dir (CPU), DCA, GOI	Member
XV	Prof .S.S.Singh, IIPA, New Delhi	Member
XVI	Secretary (CA), GOI of A.P. <a href="mailto:apcca@ap.nic.in">apcca@ap.nic.in</a>	Convener

### Sub Group III: Internal Trade & Futures Market (including pricing)

I.	Shri Pradip Mehta, CUTS	Member
II.	Nominee of FICCI	Member
III	Nominee of VOICE	Member
IV	Nominee of Govt. of Gujarat	Member
V	Nominee of Govt. of Rajasthan	Member
VI	Nominee of Govt. of Karnataka	Member
VII	CCA, DCA, GOI	Member
VIII	Director (I.T.), DCA, GOI	Member
IX	Prof .S.S.Singh, IIPA, New Delhi	Member
X	Chairman, F.M.C. Chairman.fmc@nic.in	Convener

### Sub Group IV: Quality Infrastructure and Standardisation including Legal Metrology

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I.	Nominee of Teri	Member
II.	Shri Manubhai Shah, CERC	Member
III	Shri Pradip Mehta, CUTS	Member
IV	Nominee of VOICE	Member
V	Nominee of FICCI	Member
VI	Nominee of CII	Member
VII	Nominee of Govt. of Gujarat	Member
VIII	Nominee of Govt. of Rajasthan	Member
IX	Nominee of Govt. of Karnataka	Member
X	Nominee of Sikkim	Member
XI	Nominee of Health & Family Welfare, GOI	Member
XII	Nominee of M/o Environment	Member
XIII	Director (LM), DCA, GOI	Member
XIV	Prof .S.S.Singh, IIPA, New Delhi	Member
XV	ADG (Standardization), BIS	Convener