



A Study On Consumer Act And Welfare In India

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ABSTRACT

"A customer is the most important visitor in our premises. He is not dependent on us, we are on him. He is not an interruption to our work; he is the purpose of it" - Mahatma Gandhi

Consumer's awareness about their legitimate rights has been constantly growing in recent years. Consumer's protection movement is a part of global recognition and concern that consumers are a weak party in buying goods and services as compared to the manufacture and traders producing and selling them. Ideally, a market economy where firms complete to sell goods and services to the consumers should serve the interest of consumers better but more often than not the consumers are exploited by the adoption of unfair and restrictive trade practices.

Typically when business people and economists talk of consumers they are talking about persons as consumers, an aggregated commodity. Item with little individuality other than that expressed in the buy/not-buy decision. In India, the consumers Act 1986 clearly differentials a consumers as consuming a commodity or service either for his personal domestics use or to earn his live hood. Only consumers are protected as per this Act and any person, entity or organization purchasing a commodity for commercial reasons are exempted from any benefits of this act.

Keywords : Consumer Act, India

Introduction:

Consumer's awareness about their legitimate rights has been constantly growing in recent years. Consumer's protection movement is a part of global recognition and concern that consumers are a weak party in buying goods and services as compared to the manufacture and traders producing and selling them. Ideally, a market economy where firms complete to sell goods and services to the consumers should serve the interest of consumers better but more often than not the consumers are exploited by the adoption of unfair and restrictive trade practices. Far from being a sovereign the consumer is achild who is too week to resist or challenge the suppliers of goods and services. Therefore, even in a free market economy he needs protection of his rights by a legal authority. Consumer protection is necessary even in a controlled economy where public enterprises play a dominant role since consumers are likely to be denied their rights in their case too.

Earlier though there were several legislations to protect. The consumer, but the same never proved adequate to protect consumer and compensate them for their compliances.

CPA become statutory umbrella which made the consumer feel like a king. CPA not only enhances the awareness and educate the consumer but also provide compensation to them by summary and inexpensive proceedings this keeps manufacturer and the trader alert, creative and innovative.

Consumer Definition:

- "Consumer means a natural person (whether in the

state or not) who is acting for purposes unrelated to the person's trade, business or profession".

- "An individual who buys products or services for personal use and not for manufacture or resale A consumer is someone who can make the decision whether or not to purchase an item at the store, and someone who can be influenced by marketing and advertisements".

Consumer Rights And Responsibilities:

Consumers in the development countries such as the USA and UK are much more consciousness of their rights. But in countries such as India consumers are quite a vulnerable lot due to their poverty, illiteracy and lack of awareness of legal rights. However, consumer awareness is constantly increasing in India too and the consumers who have been deceived or exploited are increasingly approaching the consumer forms or councils set up by the government for redressal of their complaints and settlement of their claims or damages.

The followings basic consumer rights:

1. The Right to safety
2. The Right to information
3. The Right to basic needs
4. The Right to choose
5. The Right to representation
6. The Right to redress
7. The Right to consumer education
8. The Right to a healthy environment.

The followings basic consumer Responsibilities:

1. Critical awareness
2. Action
3. Social concern
4. Environmental awareness
5. Solidarity.

Objectives and purpose of the Act

The basic objective purpose of this act is to provide for better. Protection of the interest of the consumers and for that purpose to make provisions for the establishment of consumer. Consumer councils and other authorities for the settlement of consumer's dispute and for matter connected there with Hence, the basic objective is to protect and not to provide a loophole and excuses to well organized traders, produces and big business house and manufactures on technical grounds. Educating the consumer regarding their right and to propagate awareness about the Act and the ethical practices/means was the other purpose of the Act.

So let us look at few reasons because of which consumer needs protection.

1. Illiteracy and ignorance
2. Unorganized consumers
3. Spurious goods
4. Deceptive advertising
5. Malpractices of businessmen
6. Freedom of enterprise
7. Legitimacy for existence
8. Trusteeship

Government Role In Consumer Protection:

The government can play an important role for protection of consumers. It can enact various legislations for protection of consumers. According to the UN guidelines for consumer protection, "the government role in consumer protection is vital and finds expression through policy making legislations and establishment of institutional authority for its enforcement. To provide a legal basis for its enforcing basic consumer rights every country needs to have irreducible minimum of consumer protection legislation covering physical safety, promotion and protection of consumer's economics interests, standards for the safety, promotion and protection of consumers economics interests, standards for the safety and quality of goods and services, distribution facilities redress, education and information programmers. Governments also require the necessary machinery to enforce such legislation. In both the developed and developing countries the governments have taken several measures to protect consumers.

Besides, consumers have been sought to be protected by enactment of several laws by government to protect consumers and uphold their rights. These laws include 1) Prevention of food adulteration Act, 1954 2) The essential commodities Act, 1985 3) Agricultural produce Act 4) drugs control Act 5) drugs and cosmetics Act 6) standards of weights and measures Act 7) drugs and magic remedies (objectional advertisement Act) 8) water Act 9) prevention of black marketing and maintenance of essential commodities Act, and 10) Air act.

The consumer protection Act 1986:

The consumer protection Act 1986 was passed by the Indian parliament to protect consumer rights and to redress consumer complaints and resolve consumer disputes. Every individual is a consumer of goods and services and expects a fair deal against unfair exploitation. The objective of the Act is "To provide for better protection of the interests of consumers and for that purpose to make provisions for the establishment of consumer councils and other authorities of the settlement of consumer disputes and for matters connected there with". It protects the consumers from unfair trading or unfair trade practices.

The consumer protection Act, 1986 provides for the following

rights to the consumers:

- a) Right to be heard and to be assured that consumer's interests will receive due consideration at appropriate forum;
- b) Right to seek redressal against unfair trade practices or unscrupulous exploitation of consumers.
- c) Right to consumer education.

The consumer protection (Amendment Act 1993) adds the following consumer rights:

1. The right to be assured wherever possible, access to a variety of goods and services at competitive prices;
2. The right to be informed about the quality, potency, purity standard and price of goods so as to protect the consumers against unfair trade practices; and
3. The right to be protected against the marketing of goods and services which are hazardous to life and property.

The consumer protection Amendment Act 2002:

The consumer protection Act 1986 held great hopes for the helpless consumers who have been denied fair deal by the unscrupulous producers or traders. In the implementation of consumer protection Act 1986 some deficiencies in the Act were noticed therefore, some important amendments were made in the Act by consumer Amendment Act 2002.

The important and changes made by the consumer protection Amendment Act 2002 are the following:

1. Both MRTP Act and consumer protection Act deal with unfair and restrictive trade practices. Amendment made in consumer protection Act in 2002 has clarified the Expression "restrictive trade practices" will also include delay in supply of goods or services and rise in prices in the mean time.
2. Provisions regarding unfair trade practices have been made stringent.
3. The district forums would be able to deal with cases involving the payment of compensation of Rs. 20 lakhs against the pre-existing Rs. 5 lakhs. Similarly, the state consumer commissions can now deal with cases involving compensation up to Rs. 1 crore while national consumer commission can deal with cases involving compensation of rs. 1 crore or more instead of pre-existing Rs. 25 lakhs.
4. In the event of the death of the complaint ant amendment in the Act in 2002 now provides for substitution of his legal representatives.
5. Liability of Suppliers of spurious products and services is made clear in the Amendment Act 2002.
6. An important amendment relates to the meaning of expression 'manufacturing' manufacturing has now been defined to include merely assembling parts of goods made by others or putting one's own mark on any good manufactured by others.
7. According to an important provision in the 2002 amendment Act, in trading or commerce of goods or services misleading or deceptive conduct of traders or suppliers would be treated as unfair trade practice.

The consumer protection Amendment Act- 2010

On 1 January 2011 the trade practices Act 1974 was renamed the completion and consumer Act 2011. The act provides for protection of consumers and prevents some restrictive trade practice of companies.

The consumer protection part of the act, contained in part V and part VC, is based on the proportion that low consumer power or lack of information is a market failure which needs to be addressed by interference in the market.

These parts deal with:

1. Unfair practices (including unconscionable conduct and misleading or deceptive conduct)
2. Product safety and information
3. Conditions and warranties in consumer transactions
4. Actions against manufactures / importers of goods
5. Product liability

Consumer Welfare As The Goal Of Consumer Protection:

Consumer protection rules are to provide final consumers assistance in their market transactions either through preventing or remedying market failures. These rules target areas where competition rules are inapplicable or inefficiencies like imperfect information, information asymmetries or even bounded rationality as well as health and safety aspects of market transactions. The provision of good quality and cost of consumer information makes free and well informed decisions possible. Furthermore, while health and safety measures might be less efficient in terms of economics efficiency. They achieve social objectives of overriding interest.

Consumer welfare is also the benchmark of consumer protection laws. While various theories exist on the goals of consumer protection, their starting points coincide: market failures have to be corrected in order to assist the weaker party in their transaction. Consumer related regulations are aimed at correcting market failures in order to improve the consumer's position in market transactions. Such regulation should concentrate on empowerment of rational market players rather than the protection of weak dummies. In this context the nation of consumer means the final consumer and the protected consumer interests extend beyond economics benefits to non-economic aspects of market transactions. Consumer law is not only concerned about efficient transactions and cost saving but it is also directed at social aspects of the market such as the safety and health of consumers. It focuses on people's standard of living and on its improvement. Besides cost efficient substantive rules, the toolbox of a modern consumer law system contains procedural rules for cheap, fast and easy access to justice and 15 concerned about effective enforcement methods.

Welfare is, therefore, expressed in both economics and non-economic aspects within the realm of consumer's protection. Economic efficiency is not the sole guiding principle in this realm of the law. There is almost always a social justice component as well. Economic efficiency is, however, of utmost relevance when regulatory tools and defacement institutions be maintained when consumer's capacity and resources are improved in a way that allows them to promote and enforce their interests instead of mechanism where the state does so.

Conclusion:

Invariably, consumers are a vulnerable lot for exploitation, more so in a developing country with the prevalence of mass poverty and illiteracy. India too is no exception to it. Instances like overcharging, black marketing, adulteration, profiteering,

lack of proper services in trains, telecommunication, water supply, airlines, etc are not uncommon here. From time to time, the government has attempted to safeguard consumer's interests through legislations and the CPA 1986 is considered as the most progressive statute for consumer protection. Procedural simplicity and speedy and inexpensive redressal of consumer grievances as contained in the CPA are really unique and have few parallels in the world. Implementation of the Act reveals that interests of consumers are better protected than ever before. However, consumer awareness through consumer education and action by the government, consumer activists, and associations are needed the most to make consumer protection movement a success in the country.

Recommendations:

On the basis of the previous discussions, a few recommendations and suggestions including those just mentioned are given below.

- 1) Need was felt to amend certain provisions of CPA to expand the scope of the consumer law and make it more effective against the unfair and deceptive trade practices.
- 2) The authorities under CPA need more power. The law would be really effective only if the orders of the forums are executed and enforced within time, it Ensure proper execution of order certain provisions of act need to be amended to provide more powers to adjudicatory bodies.
- 3) Lack of awareness regarding consumer rights and claims is the major reason for exploitation of consumers by deceptive practice adopted by the traders especially in rural areas. In educating the rural masses about their right and obligations, the Self Help Groups can play an important role.
- 4) Consumer education must be given top priority. Consumer law has to be included as a separate subject in the curriculum not only in school education but also in higher education. In local language.
- 5) To take the consumer movement forward there is need to have cooperation from the government, NGOs, Education Institutions, Teachers and other stakeholders.
- 6) There should be state and sub-state level competition authorities and regulatory agencies for all sectors.
- 7) There is need to generate awareness among the consumers regarding environment friendly and recyclable products, to encourage them to use such products and demand the same from the manufactures.

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