

BUYER BEWARE: EMERGING TRENDS IN RURAL CONSUMER PROTECTION IN INDIA

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ABSTRACT

In complex markets, there is a need to protect stakeholders on all levels of the consumption process. Markets exist as oligopolies, which is to say that there are a few producers with significant control over markets and disproportionately high number of buyers. Knowledge about the commodity is also not common amongst people who consume it. This puts consumers at a position of disadvantage which warrants protection. The need to protect consumers was realized in the twentieth century as capitalism emerged as the most common economic system globally. These opinions started to manifest into laws that are designed to prevent businesses from engaging in fraud or specified unfair practices that might mislead consumers' choices. This paper attempts to analyse issues faced by consumers in the Indian market. The present legislations have been reviewed along with redressal mechanisms available to consumers which enable them to enforce their rights. Lastly, it suggests policy recommendations which would empower consumers, especially those who exist in the most economically vulnerable sections of the society.

INTRODUCTION

Nations of the 21st century have oriented themselves as free market economies. In such economic systems, human beings become 'consumers' when they access basic amenities.

Consumption is the process by which goods and services are, at last, put to final use by people (Goodwin, Nelson, Ackerman & Weisskopf, 2019). Therefore it is the final goal of all economic activity. In complex markets, there is a need to protect stakeholders on all levels of the consumption process. Markets exist as oligopolies, which is to say that there are a few producers with significant control over markets and disproportionately high number of buyers. Knowledge about the commodity is also not common amongst people who consume it. This puts consumers at a position of disadvantage which warrants protection. The need to protect consumers was

realized in the twentieth century as capitalism emerged as the most common economic system globally. The first consumer organizations were born in Denmark in 1947 and Great Britain in 1955 where the Government created the Consumer Council in order to enable consumers to have a say on issues related to producers and traders (Cavaliere, 1996). These opinions started to manifest into laws that are designed to prevent businesses from engaging in fraud or specified unfair practices that might mislead consumers' choices. This paper attempts to analyse issues faced by consumers in the Indian market. The present legislations have been reviewed along with redressal mechanisms available to consumers which enable them to enforce their rights. Lastly, it suggests policy recommendations which would empower consumers, especially those who exist in the most economically vulnerable sections of the society.

ISSUES FACED IN RURAL MARKETS

About 70% of India's population resides in 600,000 villages all across India. Ever since India adopted LPG (Liberalization Privatization Globalization) based policies in 1991 there has been a massive shift in rural economies and markets. Companies actively make efforts and strategies to capitalise on this untapped market. This can also lead to exploitative malpractices which are amplified due to the existence of high levels of illiteracy in rural regions as compared to urban sections of the country (Economic Times). Therefore there exists a need to protect consumers from exploitative practices of companies.

Rural markets account for well over 60 percent of the national demand. There is significant demand for things ranging from automobiles and electronics to fertilizers and seeds. This demand is projected to increase over the next few years. While in 1998-99 over 83% of rural households fell in the lower and lower middle classes, the number has fallen to 70% in 2006-07 (NCAER). Despite various safety measures exploitation, sellers, resort to economic corruption and frequently cheat the consumers. This happens in the form of hoarding, adulteration and usage of non standardized weights. Sellers not only sell substandard products but also engage in unfair practices to hike prices. Duplicity of brands is extremely common.

Products such as 'Molgate' are constantly sold instead of renowned brands such as 'Colgate' (Kottapalle, 2012). This is due to the absence of checks on production and sale of such commodities which often lead to health hazards. With the growth of the private consumers are also vulnerable to financial exploitation by companies that offer financial and banking services. More than 200 consumers in the states of Tamil Nadu and Maharashtra have complained of insurance scam at the hands of companies, some of which are government owned. Farmers have alleged that payment of insurance claims under the Pradhan Mantri Fasal Bima Yojana, launched in February 2016, has been meagre or entirely non-existent, and that the scheme's real

beneficiaries have been insurance companies. Insurance companies have reportedly paid only 37.5% of claims (Kulkarni, 2019). Substandard drugs cause health hazards, which constitute a fourth of the Indian market (Singh, 2015). It is common find farmers being supplied defective seeds, adulterated pesticides and fertilizers. This not only causes immediate harm to farmers but also increase risks of diseases such as cancer for people who consume the food which is produced (Jadhav & Waskar, 2011).

Lack of awareness amongst rural consumers adds to the ability of corporates to exploit them. A recent survey showed that 50.8 percent of the rural consumers did not verify the contents and the expiry date of products they consumed. 74% of consumers had no information about the existence of expiry dates for products whilst 40.7% did not know what the Maximum Retail Price implied. The awareness of standards such as ISI marks, AGMARK and FSSAI standards are negligible. The same survey revealed that amongst various forms of exploitation, 40.2 percent of consumers were overcharged, 14 percent were victims of food adulteration, 12 percent complained about the poor quality of products, 7.5 percent about deficiency in services and 7.4 percent complained about lesser weights. Consumers are often unaware of their rights and redressal mechanisms available to them at the face of such malpractices. 28.50 percent of consumers ignored the problem, 16.3% tried to get back the money or replace the goods and very few 0.8% tried to mobilize people to put pressure on sellers to address their grievances (Chadah & Mishra, 2010).

GRIEVANCE REDRESSAL MECHANISMS

The Consumer Protection Act, 1986 is a legislation enacted by the Parliament of India to protect and uphold the basic rights of consumers (National Consumer Disputes Redressal Commission, 2002). The Act intends to provide simple, speedy and inexpensive redressal mechanisms to consumers' grievances. Various levels of adjudicatory authorities set up under the Act are responsible to ensure this. It provides justice based on civil suits filed by consumers against businesses.

Section 6 of the Act guarantees consumers basic rights, violations of which can give rises to civil liabilities. 'Right to Safety' provides protection to consumers against goods that are hazardous to life like substandard medicines, food and fertilizers (NCDRC, 2002). The 'Right to Information' provides that the consumer must be provided with adequate information about commodities that helps them make rational decisions. This information relates to quality, purity, potency, standard, date of manufacture, method of use, etc. of the commodity. Producers and Retailers are required to provide all these information in a proper manner, so that consumer is not cheated. 'Right to Choose' is aimed at protecting consumers against unfair methods used by businesses to influence

choices of consumers that might be detrimental to them. The 'Right to be Heard' and 'Right to Seek Redressal' make all other rights relevant by providing consumers redressal mechanisms against violations of the rights stated above. Consumer cells are being set up in more and more villages to ensure that complaints of consumers are heard and acted upon by judicial bodies set up by the government. Finally, the 'Right to Consumer Education' puts a burden on governments to ensure that consumers are educated about their rights so that they can exercise them (Gupta, Gupta & Mittal, 2011) Television and radio advertisements of government campaigns such as 'Jago Grahak Jago' are used in rural areas to spread awareness about consumer rights (Furtado, 2016).

Consumers can make complaints in cases of unfair or restrictive trade practices adopted by businesses, sale of defective goods, deficiency in services, excess prices and sale of unlawful and hazardous commodities. Complaints can be made to Consumer Forums at any time after sale of such goods. To make processes more efficient, there are no legal provisions attached to submission of complaints. This is to say that intricate procedures followed in normal courts have been done away with and replaced with simple ones which helps in quicker redressal of grievances. The provisions of this Act are compensatory in nature. Documents should be attached with relevant documents such as cash memos and receipts. India established a three tier quasi-judicial body under this act, becoming the first country in the world to do so. These are known as Consumer Courts and they exist in tiers at the district, state and national levels. They are a part of the judicial system under the Supreme Court of India. Decisions of each tier can be appealed to the higher tier besides non-appellate cases where jurisdiction is determined by the scale of the transaction and geographical location of transfer. The response time for complaints is provided to be 90 days for normal cases and 150 days for instances when goods must be tested. Relief is granted in the form of repairs, refunds, replacements and punitive damages.

INITIATIVES IN RURAL ECONOMIES

Non-Profit bodies are instrumental in creating awareness amongst consumers and taking on initiatives of advocacy on their behalf. The first established consumers cooperative was the 'Triplicane Urban co-operative stores' 1940's in Madras (Chennai) where it presently has about 150 branches In an infamous case of health hazard by consumption of adulterated food, sale of adulterated groundnut oil infected forty people with dropsy and glaucoma. There was no action taken against the perpetrators which prompted nine housewives to start the Consumer Guidance Society of India (CGSI) in 1996 (Narayana, Rao & Kumar, 2015). It aims to to protect and educate consumers, especially those who reside in rural regions about sub-standard products and services, adulterated foods, short weights and measures, spurious and hazardous drugs, exorbitant prices and a host of other problems. It's consumer awareness campaigns have reached

thousands of people across India. To ensure that awareness around the movement keeps growing, it provides special training to teachers and students in schools. It has also been instrumental in framing the Consumer Protection Act 1986. It also runs helplines whose advice consumers can seek whilst registering complaints. In 2015, they launched a 'Mediation and Reconciliation Council' to resolve consumer disputes in Maharashtra in partnership with the state government which provides access to scientific procedures such as quality checks.

Manu Needhi Consumer and Environmental Protection Centre is a non-profit organisation formed by then law students of Dr. Ambedkar Law College, Chennai. It runs campaigns to increase awareness about consumer awareness. Most of their members are lawyers by profession, which enables them to provide legal aid to consumers and file public interest litigations. In 2013, they filed a suit on local bodies on grounds of inaction. The authorities remain silent despite complaints by consumers about shopkeepers selling commodities and food at rates much higher than the Maximum Retail Price on government bus stops (Special Correspondent, The Hindu, 2013). Visaka Consumers Councils (VCC) was established in 1973 in Visakhapatnam, Andhra Pradesh to represent ration card holders and LPG gas users, who had been denied access to rations and LPG by the concerned authorities ((Narayana, Rao & Kumar; 2015).

The Consumer Education and Research Centre (CERC) started in Ahmedabad in 1978 uses legal machinery to protect consumer human rights. It focuses on intervention in instances of inaction by governments and public corporations. It runs a project on comparative testing on food, pharmaceuticals and domestic appliances where ranking and evaluation of consumer products are undertaken with the aim of publication of findings for consumer education.

POLICY RECOMMENDATIONS

Despite the establishment of adequate checks and balances under the Consumer Protection Act, 1986, grievance redressal systems remain inaccessible to a majority of rural consumers due to high rates of illiteracy and unawareness on the part of consumers and inaction on the part of the state authorities. Consumer courts and forums must preferably operate in the local language of the region. This would make procedures more understandable and accessible to villagers who are not well versed in either English or Hindi, the official languages for formal proceedings in India. Government bodies should also be more transparent and approachable so that consumers feel comfortable in their interactions with such bodies. The existing structure which is a three-tier-quasi judicial system first point of access are the District Courts. These, however, are often inaccessible to villagers because every district usually has several villages. A fourth tier, at the Taluka Level would significantly increase outreach to consumers, most of whom are part of economically underprivileged sections of the society.

Standards such as those formulated by the Food Safety and Standards Authority of India (FSSAI) must be implemented and commodities not satisfying those standards must be removed from markets. This would reduce the risk of health hazards caused by consumption of adulterated goods. The rural markets are mostly unorganised. Therefore, there is also a need to regulate the rural markets in terms of quality, safety and weights and measures. Weights used in rural markets are not of standard measures. Stones, which are never calibrated, are often used to weight products (Chadah & Misra, 2010). Use of standardised weights and weighing machines must be mandated to reduce the propensity of consumers being cheated on basis of quantity.

The most important step, however, is to increase awareness of consumer rights and redressal mechanisms amongst consumers. Making of documentaries and films in local languages goes a long way in getting the message across to people. These must be supplied to panchayats in villages to ensure outreach to all consumers. Campaigns such as 'Jago Grahak Jago' can impact consumers' behavior. The importance of collecting cash memos or any other proof of sale must be emphasized since these documents are imperative to prove wrongdoings by vendors in Consumer Courts. Panchayats and Gram Sabha should be encouraged to play an active role in generating consumer awareness. Consumer Rights and Protection must also be included in the curriculum in primary schools to achieve the same end.

Government agencies can seek the help of Non-Governmental Organizations with the aim of encouraging responsible behavior on behalf of consumers which would help the state protect them against wrongdoings. These 'not for profit' bodies must also take the onus of activities like collective buying. This implies the purchase of commodities like fertilizers which are used by all consumers in a given area or market. Collective buying ensures the provision of standardised and safe commodities to consumers. The burden of verification of goods is shifted from consumers to NGOs that are much better equipped to undertake these activities. This also helps in quicker and more efficient redressal in cases of malpractices by traders.

CONCLUSION

The end goal of Consumer Protection is to place consumers who are average citizens on par with companies that have specialized knowledge and larger amount of resources whenever both parties enter into business transactions with each other. To accomplish this goal in rural India, where there is a greater imbalance of knowledge and resources between consumers and businesses; consumers, state authorities and non-governmental organizations must make collective efforts. Positive change is a result of increasing awareness about consumer rights, making consumer courts more accessible and implementation of practices such as collective purchasing. Indian states such as Andhra Pradesh, Tamil Nadu, Maharashtra and Karnataka have

demonstrated how this cooperation can result in the empowerment of consumers through better implementation of laws under the Consumer Protection Act, 1986.

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