



Safeguarding the Rights of Consumers

This editorial is based on [“Strengthening consumer trust”](#) which was published in the Financial Express on 11/02/2023. It discusses the challenge of ensuring consumer protection and the possible solutions to improve the efficiency of consumer dispute resolution mechanisms.

For Prelims: ADR, ODR, NGOs, Consumer Protection Act 2019, CPGRAMS, PPP Model, E-commerce

For Mains: Safeguarding the Rights of Consumers and related issues, Government Policies & Interventions, Transparency & Accountability, Issues Relating to Development

Consumer protection is a crucial aspect of modern economies, with the objective of safeguarding the rights of consumers against unfair trade practices and ensuring fair and efficient dispute resolution mechanisms.

India, one of the world's fastest-growing economies, **has made significant strides in consumer protection, with the [Consumer Protection Act 2019](#)** strengthening the legal framework for consumer rights.

However, **despite these policy efforts and grievance redressal mechanisms**, the overall time consumed in addressing consumer grievances in India remains a challenge, with a significant backlog of pending cases.

The pendency in the dispute redressal system causes mental, financial, and emotional hardships for consumers and requires reimagining or redesigning the current dispute resolution framework. There is an **urgent need to lessen the mediation of the procedural, proper, and process brokers in the system.**

Why is Consumer Protection Necessary?

▪ Empowering Consumers:

- Consumer protection measures **help to empower consumers by giving them the necessary information to make informed decisions** about their purchases. When consumers are protected, they can exercise their rights to demand quality products and services, and also demand compensation if they receive substandard products or services.

▪ Preventing Fraudulent Activities:

- Consumer protection laws **help to prevent fraudulent activities**, such as false advertising, misleading labeling, and price manipulation. This not only protects consumers but also promotes fair competition in the market.

▪ Reducing Health and Safety Risks:

- Consumer protection **measures help to reduce the health and safety risks associated with using products and services.** For example, regulations on food

products, pharmaceuticals, and medical devices help to ensure that they meet minimum safety standards.

- **Promoting Economic Growth:**

- Ensuring consumer protection can **promote economic growth by creating a level playing field for businesses to compete fairly**. This can increase consumer confidence in the market, leading to increased spending, investment, and job creation.

- **Upholding Consumer Rights:**

- Consumer protection measures **help to uphold the basic rights of consumers, such as the right to be informed**, the right to choose, the right to safety, and the right to be heard. These rights are essential for building a fair and just society.

What are the Roadblocks in Consumer Protection in India?

- **Pendency of Cases:**

- The **pendency of consumer cases in India is quite high**, with a backlog of cases at both state and national levels.
- This results in long waiting periods and delays in dispute resolution, which frustrates consumers.
 - As of December 2022, the **state commissions had 1,12,000 pending cases, while district commissions had 4,29,000**.
 - The national commission had a pendency rate of 20.5% for the 1,06,088 cases filed with it, while the pendency rate for the 35 state and 637 district commissions stood at 22%.

- **Lack of Infrastructure:**

- Many consumer forums and commissions **lack the necessary infrastructure and manpower** to handle a large number of cases effectively.
- This results in delays in the resolution of cases, which could have been resolved quickly.

- **Inefficient Grievance Redressal Mechanisms:**

- Although there are **several grievance redressal mechanisms in place**, they are often inefficient and do not address the consumer's grievances effectively.
- Consumers often do not know how to use these mechanisms or are not aware of them.
 - In a study conducted by the National Council of Applied Economic Research, it was found that only 18% of consumers who filed a complaint with a company received a satisfactory resolution, while the rest either did not receive any response or were not satisfied with the response.

- **Lack of Awareness among Consumers:**

- Many consumers in India are **not aware of their rights and the legal procedures involved in seeking redressal**. This makes it difficult for them to approach the consumer forums and seek justice.

- **Limited Participation of Businesses:**

- Businesses in India have been slow to adopt consumer-centric policies and participate in dispute resolution mechanisms.
- This limits the effectiveness of consumer protection laws and slows down the resolution of consumer grievances.

What are the Related Initiatives taken?

- **Integrated Grievance Address Mechanism (INGRAM) Portal**

- Organisation of national [Lok Adalats](#) in partnership with the National Legal Services Authority.
- [Consumer Protection Act, 2019](#)

What should be the Way Forward?

- **Consumer Awareness:**

- Consumer awareness plays a crucial role in protecting consumer rights.
- Consumers should be aware of their rights and responsibilities, and the government should

conduct regular awareness campaigns to educate consumers about their rights.

▪ **Product Quality Standards:**

- The government should establish and enforce strict quality standards for products and services to protect consumers from substandard and hazardous products.

▪ **Redressal Mechanisms:**

- The government should establish effective redressal mechanisms to resolve consumer complaints quickly and efficiently.
 - The government can leverage the infrastructure and platforms already established by [Alternative Dispute Resolution \(ADR\)](#) and [Online Dispute Resolution \(ODR\)](#) institutions through a [Public-Private Partnership \(PPP\)](#) model and treat them as digital public goods.
- Establishing a tech-capabilities-led National Consumer Lok Adalat helpline can **help synchronise efforts between complainants, companies, commissions, legal services authorities, private ADR and ODR agencies,** and [Non-governmental Organizations \(NGOs\)](#) during the process of Lok Adalats.

▪ **E-commerce Regulations:**

- With the rise of e-commerce, the **government has also introduced regulations to protect consumers who shop online.**
- E-commerce platforms are required to provide accurate information about products, pricing, and delivery times, and they must have a robust system for handling consumer complaints.

▪ **Improving Data Governance:**

- **By making it mandatory to collect all KYC details of the parties** involved in disputes, communication time can be saved.
- Institutional parties like **banks, e-commerce entities, and large corporations can appoint nodal officers for speedier communication,** negotiations, and settlements, which will translate into faster complaint disposals.

[Drishti Mains Question](#)

What are the major challenges in ensuring effective protection of consumer rights in India, and how can these be addressed through policy interventions and institutional reforms?