



Management

## **THREE DECADES OF CONSUMER PROTECTION OF RIGHTS ACT: RURAL INDIA NEEDS FOCUSED ATTENTION**

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DOI: <https://doi.org/10.29121/granthaalayah.v5.i1.2017.1912>



### **Abstract**

India has been observing December 24 each year since 1986 as “National Consumer Rights Day”, when the Consumer Protection Act [CPA], 1986 came into force on this day. Despite the implementation of the CPA has completed three decades in the country, the rural India has yet to understand the meaning of consumer’s rights & the procedure to protect the right enshrined in the CPA, 1986. This has its significance because according to the National Council of Applied Economic Research survey report there are 720 million consumers across the villages and according to the National Sample Survey Organization report there are small & marginal farmers [S&MFs] accounting for 85% of total agricultural holdings in the country. It is against this background this development perspective article briefly but precisely deals with the need to create desired level of awareness among S&MFs as consumers and effectively implement the provisions of the CPA, 1986 for the benefits of farmers and women engaged in agriculture in the light of the importance of agriculture, significant number of farmers and women engaged in agriculture, poor quality of goods and services resulting into the serious issues of land degradation, inefficient use of farm resources, declining farm productivity and rate of return on farm investments.

**Keywords:** Consumer Protection of Rights; Rural India; Consumer Rights Day; Consumer Protection Act.

**Cite This Article:** Dr. Amrit Patel. (2017). “THREE DECADES OF CONSUMER PROTECTION OF RIGHTS ACT: RURAL INDIA NEEDS FOCUSED ATTENTION.” *International Journal of Research - Granthaalayah*, 5(1), 376-385. <https://doi.org/10.29121/granthaalayah.v5.i1.2017.1912>.

### **1. Introduction**

March 15 each year since 1983 has been observed all over the world as the “World Consumer Rights Day” (WCRD) to promote the basic rights of all consumers for demanding that those rights are respected and protected, and for protesting the market abuse and social injustices

which undermine them. This day can confirm that the consumers' grievances of the previous year are resolved in the spirit of the enshrined provisions drafted in the United Nation's charter. The WCRD marks the date in 1962 when late Mr John F Kennedy then president of the United States first outlined the definition of Consumer Rights. John. F. Kennedy once said "*Consumers by definition include us all. They are the largest economic group affecting and affected by almost every public and private economic decision. Yet they are only important group....whose views are often not heard.*"

In order to safeguard consumer interest, six consumer rights were initially envisioned by consumer rights activists of the West, viz. Right to Safety, Right to Information, Right to Choice, Right to be Heard, Right to Redress and Right to Consumer Education. In due course of time, two more important rights were added viz.: Right to Basic Needs and the Right to a Healthy and Sustained environment. These two rights are very closely linked with the realities of developing countries where environment plays a very vital role as a resource and support –structure for the people. The United Nations recognized these rights and incorporated in its charter for adoption by member countries. The consumer movement in India as a social force has its genesis to protect and promote the interest of consumers against fraudulent, unethical and unfair trade practices of manufacturers and traders who are perceived to maximize profits with scant or no regard for consumers' well-being. Against this background, the Consumers Protection Act [CPA] came into being in 1986 with the objective of providing for effective safeguards to consumers against various types of exploitations and unfair dealings relying mainly on compensatory rather than a disciplinary or preventive approach. The CPA, 1986 incorporates the rights of the consumers provided in the UN charter. The rights under the CPA, 1986 flow from the rights enshrined in Articles 14 to 19 of the Constitution of India. The CPA envisages the promotion and protection of rights of consumers such as Right to Safety, Right to be Informed, Right to Choose and Right to be Heard. The act applies to all goods and services unless specifically exempted, which covers the private, public and cooperative sectors. It also provides speedy and inexpensive settlements of consumer's disputes. The Right to Information Act (RTI), which envisages transparency in the governance processes to the common public, also has far-reaching implications for consumer protection. The Act mandates three specific provisions viz. [i] never pay more than maximum retail price, giving enough scope to bargain on price [ii] always take bills for all purchases so that the Government gets the rightful tax from the shopkeeper. Besides, it is a must for redressal or claims [iii] as a consumer one has the right to redressal. Since the date of the enactment of the CPA 1986, it has widened and deepened its outreach in country's 300 cities, 5,161 towns for the benefit of 377 million people. As against this, it has yet to make an impact on 833 million people residing in country's 6,38,365 villages, more importantly on 85% of small & marginal land holders who provide food and nutritional security to country's entire population and have to eke out a living pursuing economic activities connected with agriculture, animal husbandry, fishing and forestry.

## 2. Significance of Agriculture

Agriculture is the largest unorganized sector in India accounting for 51 per cent of informal farm workers. It provides livelihood to rural population and food security to country's entire population. In India, small and marginal farmers account for 85.9 per cent of the total, besides a large number of tenant farmers, share croppers and oral lessees depending on agriculture and

allied activities. Also, 89.5 per cent of the total female labor is actively engaged in agriculture and allied activities. About 84 per cent women are engaged in agriculture, either as cultivators or labourers as against 67 per cent male workers. Despite nearly 400 million women out of the total 600 million female population depend upon crop, livestock and fish farming, forestry, agro-processing and agri-business for their livelihood, they have been experiencing severe constraints to access resources viz. land, water, capital. Oxfam International study in Uttar Pradesh shows that 6 per cent women own land, less than 1 per cent participated in Government training programs, 4 per cent have access to institutional credit and 8 per cent have control over agricultural income. Between 1983 and 2004-05, nearly 72 per cent of the incremental rural female workforce was absorbed in agriculture, compared to 40 per cent for the male workforce. Now there number in absolute terms & percentage has increased because of rapid urbanization & industrialization in which case male population migrate to urban centres to seek employment leaving females behind to look after agriculture. Women on an average contribute 55 per cent to 66 per cent in overall farm production. Women provide one half of the labor in rice cultivation and they are the crucial laborers in the plantation sector.

### 3. Farmer-consumers

Rural consumers, comprising large numbers of farmers and women, as buyers and users of various products and services for their economic activity viz. agriculture and allied activities occupy unique place in the changing rural economic scenario. A farmer utilizes his resources [money, time, energy, skill, knowledge, wisdom, experience etc.] to buy goods and services to make farming economically viable financially sustainable and bankable but he does not know whether he is buying the right kind of the product and paying the right price. He is often the victim of fraudulent and exploitative practices viz. misleading advertisements, sale of inferior quality goods, adulteration, deficient services by the service providers, high price of the products, cheating in relation to weights and measurements, among others. For example, purchase of high yielding seeds, securing institutional credit, settlement of insurance claims etc. The exploitation of rural consumers is severe as the most consumers are illiterate or semiliterate and ignorant of their rights enshrined in the CPA, 1986. Rural consumers, indeed, need significant amount of awareness and education for understating and protecting their rights which can be ensured by effective implementation of the existing legislation and enactment of new legislation required through evaluation of current issues and identification of future challenges at the grassroots level.

The need for awareness and empowerment of rural consumers/farmers and women as a distinct class has been more now than before in view of the pathetic pecuniary position of farmers committing suicides and substantially indebted to informal agencies and usurious moneylenders. With the progressive liberalization, privatization and globalization of the Indian economy since mid-1990s, agricultural sector has been witnessing sea changes in the use/consumption of costly high-yielding variety seeds, planting materials, fertilizers, pesticides, fungicides, weedicides, cattle feeds, irrigation-water, modern farm equipment and machinery, besides users of services viz. agricultural extension, veterinary services, banking, finance, insurance, remittances, artificial insemination services for milking cows, among others . Thus, rural market of India has become one of the largest potential markets in the world presenting vast opportunities for domestic business and industrial houses and multinational agencies. However, sometimes quality of seeds,

fertilizers, pesticides and farm equipment is of substandard that impact on the crop productivity, production, profitability and repayment of institutional credit. Farmers, also, need to be protected from unscrupulous /dishonest custom and contractual services providers, viz. contract farming, contracting for value chain system, hiring farm machinery and storage/warehouse facilities, etc.

#### 4. Areas of serious concern

Following are few among several areas of serious concern which can be attributed to either lack of or inadequate and poor quality of technical and extension services provided by the service providers to the farmers.

- India has about 18 per cent of world's human population and 15 per cent of livestock population supported by only two per cent of world's geographical area and 1.5 per cent of forest and pasture land. Out of 328.7 million hectares [MHA] of geographical area of India, 142 MHA are net cultivated area. Of this, about 57 MHA (40%) are irrigated and 85 MHA (60%) are rain-fed. Intensive agriculture for increasing food production has caused problems of nutrient imbalance, greater mining of soil nutrients to the extent of 10 million tons annually depleting soil fertility, emerging deficiencies of secondary nutrients and micronutrients, declining groundwater table level and its quality, decreasing organic carbon content, causing excessive soil erosion and land degradation leading to overall deterioration of soil health.
- The concerted efforts to increase the consumption of fertilizers in 1970s and 1980s to support *Green Revolution* substantially increased food grain production from 74.0 million tonnes in 1966-67 to 251.12 million tons in 2014-15. The rate of growth of food production, however, has shown a declining trend, in spite of increase in fertilizer consumption during recent times, due to the adverse impact of imbalanced use of fertilizers on food grain production and productivity. Fertilizer consumption in India is highly skewed, with wide inter-state, inter-district and inter-crop variations leave alone by individual farm holdings and cropping pattern. Studies of the Indian Council of Agricultural Research indicate that partial factor productivity of fertilizers (i.e. additional kg of food grain production per kg of nutrient applied) has been continuously declining.
- Several field surveys have revealed that farmers' access to public extension services has been grossly inadequate which has often resulted in farmer's sowing of inappropriate crops & use of seeds, imbalanced and inefficient use of fertilizers & pesticides, inefficient methods of application of irrigation, etc.. Agricultural extension services have not yet motivated farmers to replace their home grown/saved seeds by hybrids and high yielding seeds and adopt judicious use of nutrients and pesticides to achieve expected yield per unit of area and resources as demonstrated by farm scientists. The survey indicated that [i] about 59 per cent of farmers do not get required technical assistance and know-how from Government-funded farm research institutes or extension services. They have to rely on progressive farmers, media and private commercial agents, dealers of seeds, fertilizers and pesticides for technical guidance [ii] most farmers are unaware of the full details of terms and conditions of the existing agricultural and livestock insurance schemes that can help them compensate their losses in production and income [iii] over 95 per cent paddy farmers and 99 per cent wheat growers did not buy any insurance cover for their crops in the last two seasons of the survey. Despite every State Government has

at grass root level extension staff and established Krishi Vigyan Kendra in each district to provide extension services to more than 85 per cent small and marginal farmers, resourceful farmers tend to benefit substantially from extension services and minimum support price scheme. In most cases, training provided to small farmers' and women's to pursue scientific crop, livestock and fish farming is inadequate. This makes a large number of small, marginal and tenant farmers, share croppers, oral lessees and women farmers unable to exercise their right to services for accessing technology, institutional credit, insurance and marketing facilities, among others. .

- A study carried out by the Indian Council of Agricultural Research [ICAR] to assess the size of untapped yield reservoir in different crops and in different agro-ecological regions at currently available levels of crop production technology showed that the difference between the crop-yield of demonstrations in farmers' fields and the average yield of the area varied by a factor 3 to 6. Studies of ICAR on the available exploitable production potential pointed out that integrating agricultural credit with technology and production inputs farmers can increase wheat production by 30 million tons or around 40 per cent and double paddy production at current levels of technology. Farmers can improve their yields by bridging the existing gap between the actual crop yields at field level and the potential yields if they are educated through sufficient awareness and empowered to exercise their rights to technical and extension services.

## 5. Unexploited Rural Market

The Green revolution in 1970s and 1980s significantly improved crop productivity in India and over the past few years rural India has witnessed an increase in the purchasing power of consumers, accompanied by their desire to upgrade their standard of living. Rural India accounts for country's 56 per cent of income, 64 per cent of expenditure and 33 per cent of savings. The real annual income for rural households will move from 2.8 per cent in the past two decades to 3.6 per cent in the next two. While the rural share of popular household consumer goods and durables ranges from 30 to 60 per cent, the annual consumption/ purchase of farm inputs viz. seeds, fertilizers, pesticides, fungicides, weedicides, irrigation-water, cattle feeds, fuel [electricity, petrol, diesel] farm equipment and machinery, among others, has been significantly increasing. Life Insurance Corporation of India sold more than 55 per cent its policies in rural areas, leaving unfathomable scope for cattle/livestock insurance and non-life insurance of farm assets, machinery and crops. Rural financial institutions have opened millions of Jan Dhan Yojana accounts and issued more than 42.5 million farmers' credit cards in rural areas as against over 22 million credit-cum-debit cards in urban areas. Surprisingly, farm credit and rural deposits have, too, been increasing substantially every year. While the manufacturers, traders and service providers [including banking and insurance companies] have their own policy, programs and strategies to exploit the hitherto unexplored and unexploited rural markets for increasing their agri-business, the Government should put in place appropriate consumer forum mechanism in rural areas to guarantee the implementation of the provisions of the CPA 1986 to safe guard the interest of farmers.



## 6. Neglect of Rural Consumers

According to the CAG [2006], even after a decade, 82 per cent consumers were not aware of the CPA, 1986 and 66 per cent of their rights. Even now, for rural consumers the conditions have not improved. He is being exploited and cheated day in and day out. Ignorance is one of the prominent factors contributing to the exploitation of the consumers and is most prevalent amongst the rural masses. However, in recent past due to aggressive campaign and massive publicity through all available means and ways the consumer movement, which has progressively widened and deepened its outreach in urban and metro areas of the country, has now to seriously concentrate in creating expected level of awareness among farmers and rural women and empower them to benefit from the effective implementation of the provisions of the CPA that has been in vogue since 1986. It has to spread throughout all the villages in a systematic way and strengthen the institutional framework/ mechanism that can effectively redress most of the disputes of the farmers at grassroots level. The field observations reveal that majority of the farmers and women in the villages are even unaware of the meaning of the consumer's rights, leave alone protection of rights and existence of consumer forums to which they can approach to redress their grievances.

The Department of Consumer Affairs of the Government of India and various State Governments has undertaken a number of innovative measures to protect rights of consumers. However, the Annual Report of the department has not dealt with any of the specific measures to protect the interest of the farmers and women in agriculture as rural consumers, leave alone innovative measures.

The CPA, 1986 has been the key legislation to protect the interest of the consumers which has been amended in the years 1991, 1993 and 2002 to make the provisions more effective. Consumer councils and forums as mechanism to redress consumer disputes quickly and at affordable cost are set up under the CPA at three levels [district, State and national level]. As on date, 644 District Forums, 35 State Commissions and the National Commission have been established in the country. Unfortunately, even after three decades, the dispute redressal mechanism has not moved to block level, leave alone village-level. Annual Report of the department does not provide data and information about number of complaints disposed of or disputes resolved relating to number of villages and rural consumers, leave alone farmers and women in agriculture. For farmers to approach to the consumer forum set up at district level is expensive and procedure time consuming. Moreover, though the forums have been set up as special courts, the non-extension of their benches in rural areas deprives rural consumers their right to accessibility and effective public participation. A web-based system for lodging and monitoring of complaints is also in place which, however, cannot serve the intended purpose for farmers. While redressal platforms can forge consumer activism in rural areas, the Government does not seem committed about establishing such a mechanism below the district level, leave alone village levels. The Department of Consumer Affairs has been organising consumer rights' awareness events at *taluka level*. However, as of now, there are no indications of plans to extend the sittings of the *lok adalats* to villages or to set up redressal platforms there. Thus, the lack of participation by the rural population in consumer fora speaks of the neglect by the Government to protect the mandated interest of rural consumers /farmers

## 7. Role of Gram Sabhas

Under the Constitutional amendment Act 1992, effective from April 24, 1993, there are about 3 million elected representatives at all levels of the *panchayat* of which one-third are women. These members represent more than 0.24 million *Gram Panchayats*, about 6,000 intermediate level tiers and more than 500 district *panchayats*. *Panchayats* cover about 96 per cent of country's more than 638000 villages and nearly 99.6 per cent of rural population. As the *Gram Panchayat* in *each* village of country's 627 districts is the decentralized constitutional mechanism it can be the right kind of institution at the grassroots to create awareness among farmers and women engaged in agriculture at the individual village level and effectively participate in the implementation of all provisions of the consumer protection Act. The Gram Sabha is the appropriate platform and the elected representatives of the Gram Sabha are the right type of personnel to educate the rural consumers in the village itself about all aspects of the Act sharply focusing the rights and procedure to redress disputes/grievances.

Acknowledging the dismal performance of the implementation of the CPA after 30 years it is necessary to amend the Act making PRIs integral part of the councils at all levels and Gram Sabha at village level responsible to implement the Act and Gram Sabhas appropriately strengthened organizationally and financially through provision of resources in the annual budgets of the State and Central Government.

A selected group consisting of *Gram Sevak*, *Sarpanch*, PRI members, village patwari, school teacher, enlightened youths, office bearers of self-help groups etc. can be trained to act as nodal agency to handle complaints of farmers and women in the village and assist to resolve complaints at the pre-litigation stage. This can facilitate speedy resolution of most of the complaints without/before taking them to the consumer forums at the district.

## 8. Government's Initiatives

Despite Government's following measures specifically for benefit of the rural consumers, the annual reports are silent on the progress, leave alone the impact.

- Consumer Welfare Fund was created in 1992 with the objective of providing financial assistance to promote and protect the welfare of the consumer, create consumer awareness and strengthen consumer movement in the country, particularly in rural areas.
- The Administrative Staff College of India, Hyderabad had been sanctioned an amount of Rs.15 million for setting up of the Centre for Rural Consumer Studies.
- The Union Ministry of Panchayati Raj, was considering to establish Bharat Nirman Rajiv Gandhi Seva Kendras at Block and Panchayat headquarters in each State to bring about convergence of techniques, resources and manpower.
- The Union Ministry of Information technology is considering connecting every panchayat in the country through internet to ensure rural access to various online services.
- A project involving Rs.10 million has been sanctioned to M/s Gowthami Foundation, Prakasam District, Andhra Pradesh to educate and empower rural consumers in tribal villages.

## 9. Rural India Needs Focused Attention

It is unfortunate that while the Union Government has recognized the importance of rural consumers but the annual report is conspicuously silent to deal with the performance of the initiatives meant for rural consumers, leave alone farmer-consumers. Besides, while the report of the Working Group on Consumer Affairs has made about 20 recommendations for the benefit of consumers securing farmers' produce [farmers as sellers] through APMC etc. none of the recommendations focuses farmer-producers as consumers. With the rapid growth in the consumption of production inputs, equipment and machinery to significantly enhance the growth of farm, animal husbandry and fisheries sector following strategic actions need focused attention.

- The CPA came into being in 1986 with the objective of providing for effective safeguards to consumers against various types of exploitations and unfair dealings *relying mainly on compensatory rather than a disciplinary or preventive approach*. Now the CPA should shift its focus to *disciplinary and preventive approach from compensatory approach*.
- Comprehensive review of the CPA enacted in 1986 and amended in 1991, 1993 and 2002 is the need of the hour to initiate required policy measures and programs in the light of metamorphic changes rural India has been witnessing.
- It is time now to evaluate the extent of fulfilment of the enshrined objectives of the CPA in rural areas when the CPA 1986 has completed 30 years viz. [i] specific efforts put in to enhance awareness of farmers as rural consumers about their rights [ii] nature and magnitude of grievances of farmers as a distinct class of consumer [iii] status of the implementation with regard to effective, inexpensive and speedy redressal system for rural consumers [iv] strengthening the infrastructure in rural areas for the enforcement machinery of Legal Metrology Department of States and implementation of the Legal Metrology Act, 2009 [v] strengthening of laboratories to test soil, seeds, water, fertilizers, pesticides etc.
- Action Research needs to be undertaken in representative villages of all 627 districts to understand the ground realities about farmers' and women's perception of the CPA and prepare case studies identifying factors of success and failure of the implementation of provisions of the CPA and share them among farmers in other villages of the same district.
- Benefits so far accrued to farmers under the CPA need to be assessed scientifically by the independent professional agencies. The studies should be for adequate number of representative villages in each district of the country and must identify the factors responsible for not creating awareness and suggest appropriate strategy and road map to implement the provisions of the CPA 1986 in a period of two years.
- Training and capacity building programs for Gram Panchayats and teachers of primary and secondary schools should be the regular feature. .
- Commission of Consumers in each State in close coordination with the concerned State Ministry of Agriculture must ensure that adequate number of laboratories are established to test and analyse the soil, seeds, water, fertilizers, pesticides etc. at appropriate locations within the district to guide farmers on continuing basis for planting specific crops and cropping pattern along with the use of exact requirements of specified seeds, fertilizers and water best suited to individual farmer's soil to achieve the yield per unit of area and resources. The State Commission must obtain the feedback and redress



the grievances as also address the ineffective implementation of provisions of the CPA, 1986 in relation to farmer-consumers.

- The 24<sup>th</sup> December as the National Consumer Day and 15<sup>th</sup> March as World Consumer Rights Day being observed each year should be fruitfully utilized to conduct self-introspection through SWOT [strength, weaknesses, opportunity, threats] analysis. On these days, at every level right from the village to national level the performance of the implementation of the Act during the year must be thoroughly reviewed and factors responsible for success and failures identified and next year's strategic action plan formulated considering the strength and weaknesses of each consumer forum right from the village level. While opportunities can be seized to strengthen the consumer movement at village level, the emerging threats can be mitigated by creating enabling environment and making administrative authorities responsive and committed. The details must be released on public domain through website, print and electronic media. Performance of the strategic action plan must be monitored and reviewed quarterly at all levels and deficiencies remedied to achieve the targets.
- Consumer Education & Research Centre, Ahmedabad can sharply focus its activities on farmers as rural consumers and Scheme for promoting work at research institutes, universities & colleges should prioritize farmer-consumers' protection & welfare.
- Selected Agricultural Universities should have the benefit of creating Chair/ Centre of Excellence under the existing scheme.
- Thirty-six State Dispute Redressal Commissions & 664 district dispute redressal forums should also focus separately on rural including farmer- consumers and make available statistics on absolute number & percentage of grievances received & dealt with in the annual report. Besides, progressively 100 village level dispute redressal forums in each district should be established in next five years. There are currently 9119 consumer clubs in the country. Policy must be initiated to promote & nurture equal number of consumer clubs in rural India. Even Farmers' Clubs already promoted by public sector banks & regional rural banks can be trained & their capacity built to protect farmer-consumers' rights & redress disputes.
- A Consumer Online Research and Empowerment Centre set up in collaboration with Consumer Coordination Council, a federation of NGOs, should accord priority to provide scientific and effective system of collection and dissemination of consumer related information to generate consumer awareness and empowerment of farmers and rural women.

## 10. Conclusion

The concerned elected legislatures of the State Legislative Assemblies and the member of the parliament have significant role to understand ground realities of the implementation of the provisions of the CPA, 1986 in their constituencies and in close coordination with the district, State, national level consumer redressal forums can contribute to protect the rights of farmers and rural consumers in particular.

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