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A STUDY ON THE ORGANIZATION AND WORKING OF CONSUMER PROTECTION AGENCIES: A STUDY OF VISAKHAPATANAM DISTRICT FORUM

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Abstract

Consumerism has received much attention in recent business literature. There is a general conviction that marketing frauds against consumers were widespread in our country and constitute a problem of major national concern. The feeling is not that business practices have changed significantly but rather that the public is increasingly unwilling to tolerate exploitation. Most of the consumers in India are not literate, vigilant or well informed. They lack knowledge, ability, experience and the buying capacity when compared to the Western countries. Wherever little consumer education is that one can see is restricted to literate urban consumer which lacks completely in rural consumers.

The present Study focuses on efficacy of the Redressal Agencies in general and Visakhapatnam District Forum in particular and its findings on complaints filed by consumers in relation to defect in goods, deficiency in service, unfair trade practice and restrictive trade practice. Study makes critical evaluation of the organization and functioning or working conditions of Redressal Agencies in general and District Consumer Forum Visakhapatnam in particular and study also attempts to give appropriate suggestions to concerned authorities to take suitable steps in improving the working conditions of the said forum and it also helps to consumers to know their rights.

Introduction

"A customer is the most important visitor in our premises. He is not dependent on us, we are dependent on him. He is not an interruption in our work, he is the purpose of it. He is not an outsider to our business, he is part of it. We are doing him a favour by serving him, he is doing us a favour by giving us an opportunity to do so." Every living being is a real or a potential consumer of goods and services, whether these are self-produced for consumption or bought in exchange for money, work or other goods. Though consumers constitute the largest segment of any society and the focal point of the nation's economic cycle as developmental activities revolve around them. In a competitive economy it is the consumer who decides the success or failure of a business either by buying or otherwise. This idea underlines the concept of "Consumer's Sovereignty". The modern marketing concept has recognized the right, and this is reflected in well-known statement like "Consumer is the King". But in reality, the consumer is not recognized as a King and he is exploited in many possible ways.

The present study is explorative in character as it seeks to make an in-depth as well as extensive study of organization and functioning or working of consumer protection agencies on one hand and the available legal protection under Consumer Protection Act, 1986 to the present consumers and consumer exploitation on the other hand. It has been expected that the data pertaining to the period will reveal the trends of various aspects of the implementation of the provisions under the Consumer Protection Act relating to the Visakhapatnam District Consumer Forum and Andhra Pradesh State Commission. Thus the present study endeavours to make an attempt to study the role of Consumer Forums and consumer organisations under Consumer Protection Act, 1986 in India in general and their problems and in particular the organization and working of consumer protection agencies: a study of Visakhapatanam District Forum.

Review of Literature:

The study is mainly based on the data collected from the official records of various Governmental agencies. The available data have been compiled and projected in order to analyse suitably. However, some literature has been collected from the following studies relevant to the present study.

Whencupi opined that consumer protection is a cause which only a comparatively wealthy nation can afford to worry about a country which has already answered its citizens more pressing needs for food and shelter, and which beings to offer them to element of choice. The promulgation of the control ordinance that brings into law the modification to the Consumer Protect Act envisaged under a bill pending before the Rajya Sabha should be itself deemed to reflect the Governments anxiety to make the seven year old status more effective.ii

Vermaiii stated that the basic objective of regulating monopolicies and restrictive and unfair trade practices is to promote fair competition in the market and to protect the consumer interest. H.L. Varma and Chand Gargiv observed that illiteracy, poverty and extremes of material and social deprivation tend people to lose impulses of awareness and motivation, which ultimately make them weak, isolated vulnerable and powerless.

Trivediv concludes that everyone is well aware of these open and also other hidden problems being faced by consumer cooperatives, but feels helpless at his own level for finding a workable and practical solution. Thomasvi stated that in India the Government has a very significant role in meeting the aspirations of the consumer in relation to his basic needs. Upendra Baxivii stressed that a good educational system is one which instills a sense of fairness and an ethic of social responsibility among its consumers.

Swarupviii concluded that the amended Consumer Protection Act has made resolution of grievances easier but it has also clogged court room with exaggerated claims. Tripathiix concluded that the battle of the cooperative consumer movement in helping every human being to live up cooperatively by enjoying all cooperative benefits is great. Sastryx concluded in his study that only a strong consumer movement would be able to exercise the needed pressure and get for the consumer, the protection and consideration which are rightfully due to him.

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Aims and objectives of the study

1. To study the socio-economic profile of the respondents of Visakhapatnam District.
2. To examine whether Consumer agencies which have been set up under Consumer Protection Act, 1986 are really protecting the interest of the consumers.
3. To study the concept of Consumerism and causes for Consumerism in India.
4. To study the Consumer Protection Act and its salient features.
5. To study and evaluate the Organization and functioning of Consumer Forums in Andhra Pradesh with special reference to Visakhapatnam District Consumer Forum.

Hypothesis of the Study:

1. The objectives of Consumer protection Act, 1986 regarding speedy justice and execution of the order have not really been achieved in practice.
2. Time factor regarding filling of the complaints is not satisfactory to the consumers.
3. Formalities for filing the complaints before the forum are lengthy and complex.
4. Separate Consumer Dispute Redressal Agencies which have been set up for redressing consumer grievances are not much beneficial to consumers.
5. Visakhapatnam District consumer Forum is not much accessible to consumers to get their remedies.

Research Methodology:

Under Consumer Protection Act, the functioning of Consumer Redressal Forum at District level and the Appellate authority viz. State Commission at State level assumes greater significance. In addition to this, the registered Consumer Organisations under the Consumer Protection Act also can play greater and effective role in facilitating the invocation of provisions of the C.P. Act. Hence this study has chosen to study and discuss particularly the organization and functioning of a Consumer Forum at District level of Visakhapatnam in North Coastal Andhra region of Andhra Pradesh, A. P State Commission, Appellate authority at State level and Visakhapatnam Consumer Protection Council, in Visakhapatnam. The data needed for the study were collected from the primary as well as secondary sources. The basis for primary data includes field visits and discussions with the respondents. The scholar visited the district consumer forum to examine the conduct of proceedings of cases in person and for collection of primary and secondary data.

The secondary data and other relevant information were collected through the following sources viz.

a. Published literature available with the Ministry of Civil Supplies, Consumer Affairs and Public Distribution, Government of India, New Delhi and Government of Andhra Pradesh, Vijayawada.

b. Various reports submitted by the Working Groups on Consumerism.

c. Secondary sources such as commercial journals, Economic dailies, books, proceedings of various workshops, records, online material and visited different university libraries etc.

d. Consultations with the experts in the area at the Consumer Education and Research Centre (CERC), Ahmadabad, concerned officials in the Ministry of Civil Supplies, Consumer Affairs and Public Distribution, Indian Institute of Consumer Studies (IICS), Bangalore and various other Consumer Councils in the country. Thus the data is mainly collected from the secondary sources.

Sampling and Sampling Method:

Primary data was collected with the help of well structured interview schedules. Questionnaire interviews, discussions and observations are some of the techniques adopted to collect primary data. Since the study covers wide area, purposive random sampling method has been used to collect the data directly from respondents. As a result, 350 respondents were chosen for conducting interviews from Visakhapatnam District. All the respondents cooperated well in providing necessary information. A number of issues relating to the main aspects of the study were discussed in detail.

DATA ANALYSIS AND INTERPRETATION

1. Are you aware about the various legislations/consumer rights?

S. No	Opinion	Frequency	Percentage
1	Yes	116	33.1
2	No	201	57.5
3	No Opinion	33	9.4
	Total	**350**	**100**

Source: *Field survey*

The above question was imposed to the respondents. Out of 350 majority of the respondents, (57.5%) replied that they are unaware about the consumer rights only (33.1%) respondents replied that they are aware about the consumer rights, but remaining 33(9.4%) of them are not responded for this aspect. It implies that still many consumer awareness programmes are needed at District, Taluka, Circle, Village Panchayat and village levels to make awareness among the consumers regarding their rights.

2. Do you know how the complainant got compensation by the organization?

S. No	Opinion	Frequency	Percentage
1	Yes	137	39.1
2	No	175	50
3	No Opinion	38	10.9
	Total	**350**	**100**

Source: Field survey

The data given in this table shows that exactly half of the respondents 175 (50%) know that how the complainant got compensation by the organization, whereas 137(39.1%) of them don't know that how the complainant got compensation by the organization last 38(10.9%) of the respondents are not given any answer.

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3. What are the causes for the development of consumer movement in India?

S. No	Causes	Frequency	Percentage
1	Exploitation of Business	123	35.1
2	Government's inadequate involvement in consumer protection	54	15.4
3	Lack of Governmental enforcement of consumer Laws	43	12.3
4	Inadequate Legislation (Loopholes)	56	16
5	Lack of consumer education and information	74	21.2
	Total	**350**	**100**

Source: Field survey

The details mentioned in the above table reveals that majority of the respondents 123(35.1%) said that Exploitation of Business is causes for the development of consumer movement in India, 74 (21.2%) of them said that Lack of consumer education and information is causes for the development of consumer movement in India, 56(16%) of them said that Inadequate Legislation (Loopholes) is causes for the development of consumer movement in India, 54(15.4%) of them said that Government's inadequate involvement in consumer protection is causes for the development of consumer movement in India, and last 43 (12.3%) of them said that Lack of Governmental enforcement of consumer Laws is causes for the development of consumer movement in India.

4. Are you satisfied with the consumer organization in settlement of consumer complaints?

S. No	Opinion	Frequency	Percentage
1	Yes	213	60.8
2	No	110	31.4
3	No Opinion	27	6.8
	Total	**350**	**100**

Source: Field survey

The figures represented in this table shows that the majority of the respondents 213(60.8%) satisfied with the consumer organization in settlement of consumer complaints however 110(31.4%) of them didn't satisfied with the consumer organization in settlement of consumer complaints and remaining 27(6.8%) of them are silent about this aspect.

5. Is there need of local consumer forums (Mandal level)?

S. No	Opinion	Frequency	Percentage
1	Yes	221	63.1
2	No	105	30
3	No Opinion	24	6.9
	Total	**350**	**100**

Source: Field survey

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When the above question was posed to the complainants, majority of the respondents 221(63.1%) replied that separate Redressal Agencies which have been established for Consumer Grievances are very much beneficial to the consumers and they have given reasons for that speedy justice, less formalities for filing the complaints and payment of fee for filing the complaints is very less whereas 105(30%) of them satisfied with present situation and last only 24(6.9%) of them are silent about the need of local consumer forums (Mandal level).

6. Is cost free justice affected the number of complaints?

S. No	Opinion	Frequency	Percentage
1	Yes	181	51.7
2	No	140	40
3	No Opinion	29	8.3
	Total	**350**	**100**

Source: Field survey

The numbers indicating in the above table reveals that half of the above 181(51.7%) respondents agreed that cost free justice is affected the number of complaints, whereas 140(43%) of them didn't agreed that cost free justice is affected the number of complaints and rest of the 29(8.3%) respondents have no opinion for this question.

7. Do you know that the law is on your side as a consumer?

S. No	Opinion	Frequency	Percentage
1	Yes	105	30
2	No	228	65.1
3	No Opinion	17	4.9
	Total	**350**	**100**

Source: Field survey

The data mentioned in this table shows that the majority of the respondents 228(65.1%) don't know that the law is on your side as a consumer however 105(30%) of them said that they know the law is on their side as a consumer and last 17(4.5%) of them have no response.

8. **Have you appointed an Advocate for handling the complaint?**

S. No	Opinion	Frequency	Percentage
1	Yes	249	71.1
2	No	77	22
3	No Opinion	24	6.9
	Total	**350**	**100**

Source: Field survey

The data mentioned in the above table shows that an overwhelming majority of the respondents 249 (71.1%) replied that they have appointed advocates and the reasons that technicalities involved in filing the complaints and they were unaware about the procedural aspects, whereas 77(22%) educated complainants replied that they cannot appoint advocates. And they were aware about the procedural aspects and only 24(6.9%) of the respondents not given any answer to this aspect.

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9. How you know about existence of District Consumer Forum (DCF)?

S. No	Medium	Frequency	Percentage
1	Media	128	36.6
2	Advocates	101	28.9
3	Friends/ Colleagues	56	16
4	Relatives	43	12.2
5	Others	22	6.3
	Total	**350**	**100**

Source: Field survey

The details depicted in this table shows that the majority of the respondents 128(36.6%) said that they know about existence of District Consumer Forum (DCF) by media, 101(28.9%) of them know DCF by advocates, 56(16%) of them know DCF by Friends/ Colleagues, 43(12.2%) of them know DCF by Relatives and only 22(6.3%) of them know DCF by other sources. The media played an important role in creating awareness among the consumers to maximum extent.

10. Why do not you approaching to the (DCRF) District Consumer Reddressal Forum?

S. No	Opinion	Frequency	Percentage
1	Not knowing the existence of the DCRF	193	55.1
2	No knowledge about the reddressal mechanism in DCRF	53	15.2
3	Don't know the process to appeal the case in the DCRF	61	17.4
4	No sufficient time to go for DCRF	43	12.3
	Total	**350**	**100**

Source: Field survey

The details given in this table shows that the majority of the respondents 193(55.1%) said that they are Not knowing the existence of the DCRF so that they do not you approaching to the (DCRF) District Consumer Reddressal Forum, 61(17.4%) Don't know the process to appeal the case in the DCRF, 53(15.2%) of them No knowledge about the reddressal mechanism in DCRF and rest of them 43(12.3) No sufficient time to go for DCRF.

11. What are the reasons for complaints against traders?

S. No	Reasons of Complaints	Frequency	Percentage
1	Goods/Services not up to the promise	193	55.1
2	Not responding in warranty period	128	36.6

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3	Other reasons	29	8.3
	Total	**350**	**100**

Source: Field survey

According to data mentioned in the above table reveals that the majority of the respondents 193(55.1%) said that the reasons for complaints against traders is Goods/Services not up to the promise however 128(36.6%) of them said that the reasons for complaints against traders is Not responding in warranty period and remaining 29(8.3%) of them said the other reasons for their complaints against traders.

12. What is your experience on the performance of CPA?

S. No		Frequency	Percentage
1	Incurred abnormal expenditure	108	30.9
2	Inordinate delay	95	27.1
3	Non co-operation	63	18
4	Lack of awareness about their responsibilities	84	24
	Total	**350**	**100**

Source: Field survey

The information given in the above table reveals that majority of the respondents 108(30.9%) experienced on the performance of CPA is Incurred abnormal expenditure, 95(27.1%) of them experienced Inordinate delay, 84(24%) of them experienced Lack of awareness about their responsibilities and last 63(18%) of them experienced Non co-operation on the performance of CPA.

13. Why you didn't file the cases in the state or national commission?

S. No	Opinion	Frequency	Percentage
1	No hope of succeeding	71	20.3
2	Because of time taking	50	14.3
3	State or National commission is too far	161	46
4	Financial reasons	68	19.4
	Total	**350**	**100**

Source: Field survey

The numbers indicating in this table reveals that majority of the respondents 161(46%) perceived that they didn't file the cases in the state or national commission because State or National commission is too far, 71(20.3%) of them said that No hope of succeeding, 68(19.4%) of them said that Financial reasons and last 50(14.3%) of them said that Because of time taking.

14. Are you won the cases at DCRF?

S. No	Opinion	Frequency	Percentage

1	Yes	115	32.8
2	No	218	62.3
3	No Opinion	17	4.9
	Total	**350**	**100**

Source: Field survey

The figures depicted in the above table shows that majority of the respondents 218(62%) did not agreed that they won the cases at DCRF however 115(32.8%) of them agreed that they won the cases at DCRF rest of the 17(4.9%) respondents have no opinion for this aspect.

15. How your case was settled?

S. No	Opinion	Frequency	Percentage
1	By judgment	102	29.1
2	Through mutual understanding	84	24
3	By VCO mediation	123	35.1
4	With third party involvement	41	11.8
	Total	**350**	**100**

Source: Field survey

The figures represented in this table shows that majority of the respondents 123(35.1%) said that their case was settled by VCO mediation, 102 (29.1%) of them agreed that their case was settled by judgment, 84 (24%) of them perceived that their case was settled through mutual understanding and 41 (11.8%) of the respondents said that their cases was settled with third party involvement.

16. Are you satisfied with the compensation received finally from the traders?

S. No	Opinion	Frequency	Percentage
1	Yes	240	68.6
2	No	88	25.1
3	No Opinion	22	6.3
	Total	**350**	**100**

Source: Field survey

The data according to this table reveals that the maximum majority of the respondents 240(68.6%) agreed that they satisfied with the compensation received finally from the traders however 88 (25.1%) of them did not satisfied with the compensation received finally from the traders and 22 (6.3%) of the respondents are silent for this aspect.

Major Findings of the Study:

- Out of 350 majority of the respondents, (57.5%) replied that they are unaware about the consumer rights.

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- Exactly half of the respondents 175 (50%) know that how the complainant got compensation by the organization.
- Majority of the respondents 123(35.1%) said that Exploitation of Business is causes for the development of consumer movement in India.
- The majority of the respondents 213(60.8%) satisfied with the consumer organization in settlement of consumer complaints.
- majority of the respondents 221(63.1%) replied that separate Redressal Agencies which have been established for Consumer Grievances are very much beneficial to the consumers and they have given reasons for that speedy justice, less formalities for filing the complaints and payment of fee for filing the complaints is very less.
- Half of the above 181(51.7%) respondents agreed that cost free justice is affected the number of complaints.
- The majority of the respondents 228(65.1%) don't know that the law is on your side as a consumer.
- An overwhelming majority of the respondents 249 (71.1%) replied that they have appointed advocates and the reasons that technicalities involved in filing the complaints and they were unaware about the procedural aspects.
- The majority of the respondents 128(36.6%) said that they know about existence of District Consumer Forum (DCF) by media.
- The majority of the respondents 193(55.1%) said that they are Not knowing the existence of the DCRF so that they do not you approaching to the (DCRF) District Consumer Reddressal Forum.
- The majority of the respondents 193(55.1%) said that the reasons for complaints against traders is Goods/Services not up to the promise.
- Majority of the respondents 108(30.9%) experienced on the performance of CPA is Incurred abnormal expenditure.
- Majority of the respondents 161(46%) perceived that they didn't file the cases in the state or national commission because State or National commission is too far.
- Majority of the respondents 218(62%) did not agreed that they won the cases at DCRF.
- majority of the respondents 123(35.1%) said that their case was settled by VCO mediation and
- The maximum majority of the respondents 240(68.6%) agreed that they satisfied with the compensation received finally from the traders.

Conclusion:

In modern economy consumers play a crucial role. They are the pillars of the economic structure and form the largest economic group in any country. Most of the economic activities of the government and nongovernment agencies are aimed at pleasing the consumers. Thus consumption is the pivot around which all the economic activation moves. So consumer protection entails protecting the rights and interests of the consumer in matter of availability, quality, quantity and price of goods and services. In fact it promotes the concept of value for money and enhances the trust between the customer and the producer or

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provider. Consumer protection policy recognizes what consumers often face the imbalances in economic terms, educational levels and bargaining power. The consumers should have the right of access to non-hazardous products as well as the right to promote just, equitable and sustainable economic and social development. The consumer protection is a serious matter in developed and developing countries.

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