

**DE JURE NEXUS LAW JOURNAL**

Author:

Sneha Gupta

Symbiosis Law School, Noida

2<sup>nd</sup> Year, BBA LL.B.

**CONSUMER EDUCATION ESSENTIALLY UNDER POTENTIAL  
COMPETITION DRIVEN MARKET PRACTICES****Introduction**

In India, 24<sup>th</sup> December is celebrated as National Consumers Rights Day as the Consumers Protection Act, 1986 was enacted on that day.<sup>1</sup> The consumer is the market's king. India is a big nation with a large population of underprivileged, powerless, and chaotic customers. Adulterations, fraudulent, dangerous duplicate, and inferior items, as well as inaccurate weights and measures, affect the majority of customers.

Consumer education is critical for educating consumers about their rights and achieving a balance between buyers and sellers. It is the most useful force for the country's growth, as well as a social and political requirement. Education promotes a person's logical decision-making as a customer and protects him against market and business-related exploitation.

The government need to promote and improvise consumer protection in the following areas:

- i) Physical Safety
- ii) Protection and promotion of consumer economic interests
- iii) Standards for safety and quality of consumer goods and services
- iv) Measures enabling consumers to obtain redressal
- v) Measures relating to specific areas (food, water, and pharmaceuticals)
- vi) Consumer education and information programme.

According to the study of the Consumer Protection Act research performed by the **Comptroller and Auditor General (C & AG)** of India in July–August 2005, 66 percent of customers were unaware of their rights, and 82 percent were unaware of the Consumer Protection Act. Only 13% of people in rural regions knew what the Consumer Protection Act was about. However, on July 23, 2020, the Ministry of Consumer Affairs, Food and Public Distribution published the

Consumer Protection (E-Commerce) Rules, 2020 to secure customers from unfair commercial practises and to address their complaints. The E-commerce Rules were created with the main goal of regulating the Indian e-commerce sector and protecting consumers from unfair commercial practises. The Consumer Protection (Ecommerce) Rules 2020 aim to bring together the teeth of the Consumer Protection Act 2019, Indian exchange control regulations (IEC Regulations), and the Information Technology Act 2000 to promote fair play in the technology and data-driven ecommerce sector.

Consumer protection laws exist to safeguard consumers from potentially harmful or unethical corporate activities, such as misleading advertising or defective products. The Federal Trade Commission regulates warranties and service contracts for the majority of consumer products. Consumer protection laws aim to protect consumers against predatory loans, housing discrimination, securities fraud, privacy breaches, and other unethical behaviors in the financial sector. Scams and fraud are still widespread, thanks to the Internet and telemarketing, because these operators are difficult to detect. Never give out your social security number, credit card number, or bank account number over the phone in order to secure your personal information. Check your credit history and billing records on a regular basis for any suspicious transactions.

### Key Consumer Protection Laws:

- 1) **Federal Securities Act:** The Securities Act of 1933, which was adopted during the Great Depression, is one of the most significant consumer protection laws in finance. The statute provides strict regulations on the marketing of investment contracts and demands that issuers reveal information about their funding and business objectives. The legislation also established the Securities and Exchange Commission, which is responsible for enforcing securities regulations and punishing those who violate them.
- 2) **Fair Credit Reporting Act:** The Fair Credit Reporting Act of 1970 was enacted to govern the gathering of credit information, which is commonly used to calculate mortgage and loan rates. The legislation restricts who has access to a consumer's credit history and forbids lenders from giving false or outdated information. Consumers may also examine their own credit reports and dispute any incorrect information.
- 3) **Dodd Frank Act:** The Dodd-Frank Wall Street Reform and Consumer Protection Act The Wall Street Reform and Consumer Protection Act, often known as the "Dodd-Frank Act," was enacted in the aftermath of the 2008 financial crisis to overhaul financial laws in the United States. The measure enhanced regulation of banks and financial institutions, particularly those suspected of contributing to the Great Recession. It established the Financial Stability Oversight Council, which has the authority to break up "too large to fail" banks or boost reserve requirements. It also established the Consumer Financial Protection Bureau, which is in charge of overseeing subprime mortgages and other forms of predatory lending.

The Fair Credit Reporting Act, which regulates the use of consumers' credit history, such as bill payments and borrowing history, is one example of a consumer protection law.

Furthermore, the Financial Modernization Act of 1999 creates safeguards for personal financial information and compels institutions to declare how private data will be used.

Consumer awareness programmes on a broad scale are required to educate the public on basic issues such as the Maximum Retail Price (MRP), Gold Hall Marking, the Indian Standard Institute (ISI) mark on products, and expiry dates. The substance of awareness campaigns would need to be increased when voluntary standards are extended into the services sector or rules are implemented for mandatory compliance with standards for reasons of health, safety, or the environment.

Since 1991, changes have acknowledged the need to remove barriers to commerce and industry in order to release competitive energies. The goal of technical dynamism and international competitiveness was underlined in the 1991 Industrial Policy Statement. It noted that Indian industry could scarcely be competitive with the rest of the world if it had to operate within an over-regulated environment. Part of this wider reform goal is to improve competition in domestic markets and to create or encourage a competitive culture in the country. The government's economic changes have been carried out on a sector-by-sector basis, and development has not been consistent across sectors. While certain sectors have effectively established a strong competitive culture, a number of industries in India, such as power, have comparatively little competitive pressure. A number of policies and regulations can have a substantial impact on competitiveness. As far as feasible, these should be made competition-friendly.

**Strengthening of regulation:**

Some of the most important elements that the concerned ministries or agencies (Regulatory Bodies) should consider in order to strengthen the regulation are:

- Mandatory standards for products that have an impact on the consumer's health and safety as well as the environment, such as electrical appliances, electronic, IT, and telecom products, medical devices, industrial safety and fire safety equipment, helmets, and plastic and other food packaging materials.
- The food sector, as well as hotels and restaurants, will be required to follow GHP/GMP/HACCP as a regulation under the PFA Rules/Integrated Food Law.
- National criteria that must be met by all water agencies, whether rural or urban.
- As an incentive for poor goods, legislation was introduced that included product responsibility measures, including punitive damages.
- Defining contaminated residue limits for both raw materials and food products. Commercial farmers must follow Good Agricultural Practices (GAP) or Good Animal Husbandry Practices (GAHP).

The Reserve Bank's consumer protection measures include the establishment of a Customer Redress Cell and the establishment of a Customer Service Department in 2006, which was recently renamed Consumer Education and Protection Department. In addition, the Banking Standards and Standards Board of India (BCSBI), an autonomous organization charged with encouraging adherence to self-imposed codes, was established.

The Reserve Bank of India created the Banking Ombudsman (BO) system in 1995 to enhance the institutional structure for dispute settlement. The BO is a method for resolving disputes between a bank and its clients that uses an alternative dispute resolution process. There are now 20 Banking Ombudsman offices in the nation. Customers' complaints against Commercial Banks, Scheduled Primary Cooperative Banks, and Regional Rural Banks are covered by the system. The BO scheme was updated by the Reserve Bank in 2006. Under the new arrangement, the BO and the workers at the BO's offices are recruited from the Reserve Bank's active workforce. The Reserve Bank has completely financed the new programme, which practically covers all banking-related issues with the exception of commercial decisions such as loan approval.<sup>ii</sup>

### **Consumer Responsibilities:**

- **Be Critically Aware**
- **Be Involved**
- **Be Organized**
- **Practice Sustainable Consumption**
- **Be Responsible to the Environment**

### **Conclusion:**

Because we are all customers, an efficient and successful Consumer Protection programme is of particular importance to us. Even a service provider or producer is a customer of other commodities or services. Adulterated products, fraudulent items, and other service flaws would become a thing of the past if both producers/providers and customers see the necessity for coexistence. The adoption and observance of a voluntary code of conduct by trade and industry, as well as the citizen's charter by service providers, requires active involvement and participation from all quarters, including the legislatures, educational institutions, non-governmental organizations, print and electronic media, and the adoption and observance of a voluntary code of conduct by trade and industry and the citizen's charter by service providers. Total dedication to the consumer cause and social response to consumer concerns are urgently required. However, this should be done in a peaceful manner so that our society becomes a better place to live for all of us. Consumers should be educated about their rights and duties as consumers. Consumers should band together to build the power and influence they need to advocate and protect their own interests. The government should create and enforce harsher punishment regulations so that manufacturers and shopkeepers think twice about engaging in deceptive tactics. A campaign should be launched to engage each and every customer in order to raise their awareness of their rights and obligations. Government and other consumer agencies should make efforts in the direction of publicizing the district forum, state, and national judiciaries established for consumer protection, in order to increase consumer awareness of the machinery and encourage them to participate more and seek justice in cases of grievances. . The redress method should be made

more rational and simpler enough for a big number of customers to understand. Further processes must be developed in such a way that the case may be handled easily and quickly.

---

<sup>i</sup> Available at: [https://niti.gov.in/planningcommission.gov.in/docs/plans/planrel/fiveyr/11th/11\\_v1/11v1\\_ch11.pdf](https://niti.gov.in/planningcommission.gov.in/docs/plans/planrel/fiveyr/11th/11_v1/11v1_ch11.pdf)  
Last access on 29th July 2021

<sup>ii</sup> Available at: [https://www.rbi.org.in/scripts/FS\\_Overview.aspx?fn=2745](https://www.rbi.org.in/scripts/FS_Overview.aspx?fn=2745) Last access on 29<sup>th</sup> July 2021



# De Jure Nexus

---

LAW JOURNAL