

**MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
DEPARTMENT OF CONSUMER AFFAIRS**

**Performance Audit of the implementation of the
Consumer Protection Act and Rules**

HIGHLIGHTS

The Government of India introduced the Consumer Protection Act 1986 (the Act) with a view to providing simple, speedy and inexpensive redressal of consumer grievances. The Act envisaged the setting up of Consumer Protection Councils at various levels namely District, State and national level to review and initiate further efforts needed to secure this objective. During the audit of the adequacy and effectiveness of the consumer protection measures of the Central and the State governments relating to the implementation of the Act, the following deficiencies were noticed.

- Funds amounting to Rs. 57.99 crore remained unutilised in the Consumer Welfare Fund in the absence of any specific schemes formulated by the Ministry to match the inflow of the funds.

(Paragraph 5.3)

- The Act introduced for increasing the awareness and the empowerment of consumers had not been implemented effectively by the implementing agencies as funds of Rs. 6.63 crore released to them remained unutilized.

(Paragraph 6.3.1.1, 6.3.3)

- There were delays extending upto 54 months in establishing the consumer courts from the date of notification. The additional benches recommended by the Government of India and the State Commissions in view of the large pendency of complaints were not created by the State governments often citing financial crunch as the reason.

(Paragraphs 6.4.2, 6.4.3)

- There was no documented policy outlining the priorities of the Government of India for the creation and strengthening of the adjudication mechanism and

ensuring greater involvement of State or District Administration or Non Government Organisations for promotion of awareness and empowerment of consumers.

(Paragraph 6.5)

- Delay in making Rules/Regulations had affected the programme adversely as different practices were adopted for disposal of complaints by various authorities. An amount of Rs. 6 crore representing deposits realized on appeals and revision petitions remained out of government account.

(Paragraph 6.5.2, 6.6.2)

- There was delay of over 15 years in prescribing the time limit for disposal of complaints leading to inconvenience to consumers and accumulation of cases.

(Paragraph 6.7)

- The Consumer Protection Councils at all the three levels were not functioning effectively and the follow up action was not monitored centrally through the Working Group as required.

(Paragraph 6.10)

- An independent survey conducted at the instance of Audit corroborated delays in disposal of complaints and enforcement of decisions, high proportion of advocate's fee in the costs of redressal (82 percent), lack of awareness of consumers at large about the Act and the redressal mechanism and ineffective role of NGOs in furthering the interest of consumers. Thus the central legislation was not quite effective in ensuring speedy and inexpensive redressal of consumer grievances.

(Paragraphs 6.3.4, 6.11.3.6)