

Consumer Dialogue

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World Consumer Rights Day, 2012

Our Money, Our Rights:

Campaigning for Real Choice in Financial Services



The right to choose is one of the eight basic consumer rights. A consumer should be able to select from a range of products and services, offered at competitive prices, with an assurance of satisfactory quality. Consumers should not be forced to tolerate excessive charges, poor service or irresponsible corporate behaviour because of a lack of choice.

But, this basic consumer right is being undermined in financial services, one of the most important sectors for consumers and the economy. Even when they are fed up with their bank or another financial service provider, many consumers feel that it is too difficult to switch or it is not worth switching. As a result, there is often little incentive for banks and other financial service providers to improve their service or cut costs.



Consumer Unity & Trust Society (CUTS International) organised a public event on the occasion of World Consumer Rights Day 2012 in Jaipur on March 16, 2012 where senior officials from the Reserve Bank of India (RBI) and the Banking Ombudsman; the Department of Consumer Affairs, Government of Rajasthan; various senior managers of banks such as the State Bank of India, the Indian Overseas Bank, the South Indian Bank, the State Bank of Bikaner and Jaipur and the Cooperative Bank and other banking officials and representatives of various consumer organisations and activists participated.

George Cheriyan, Director, CUTS International, in his speech, explained the importance of the theme 'Our Money, Our Rights', campaigning for a 'real choice' in financial services. He said that, this year, the Indian Consumer Protection Act has completed 25 years and this is also the 50th year of John F. Kennedy's historical speech to the American Congress on March 15, 1962, in which he upheld four basic rights of consumers.

He said that after the completion of more than 40 years of the nationalisation of the banks in India, still 60 percent of the people do not have bank accounts. Therefore, financial inclusion needs to be given priority, along with enhancing quality of services. Allowing SB account portability in India is a good way to induce competition among various service providers and improve the quality of services. Otherwise, they will lose consumers.

Amarjeet, Singh of CUTS made a presentation on *Financial Consumer Protection: The Challenges*, including policy and practical challenges and the way forward to strengthen the same.

K. Sundari, Deputy General Manager, RBI and Secretary, Office of Banking Ombudsman, Jaipur presented an overview of the Banking Ombudsman and the mechanism of seeking redressal through it.

Sanjay Jhala, Enforcement Officer, Department of Consumer Affairs, Government of Rajasthan emphasised on behavioural aspects of consumer and service provider relationship and the constraints due to ignorance. He also mentioned that the state government has started a Helpline No. on which 416 complaints have been received during February 2012.



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Partner's Orientation

CUTS conducted a one-day orientation programme for project partners on March 15, 2012. In the orientation programme, the project team, along with all 12 project partners, reviewed the activities of first year and planned activities for second year.

Apart from the discussions on project activities, sessions related to other issues pertaining to empowerment of civil society organisations (CSOs), such as COPRA, regulations, rights and Public Service Guarantee Act, etc., were also held for project partners in order to enhance their knowledge.

Public Interface Meetings

During the first phase of the third year of the project, ten Public Interface Meetings (PIMs) were organised by district partners in Sujangarh (Churu) on April 05, 2012; in Dausa on April 06, 2012; in Todaraisingh (Tonk) on April 07, 2012; in Rewasa (Sikar) on April 10, 2012; in Sarmathura (Dholpur) on April 11, 2012; in Kota on April 12, 2012; in Devpura (Bundi) on April 13, 2012; in Bhensroadgarh (Chittorgarh) on April 13, 2012; in Balesar (Jodhpur) on April 21, 2012; and in Bansoor (Alwar) on April 23, 2012 respectively.

The objectives of PIMs were to:

- raise consumer awareness at the grassroots by strengthening the capacity of networkers in selected blocks of respective districts in Rajasthan to build a strong consumer movement at the grassroots in Rajasthan;
- establish a contact institution in projected district to guide and motivate buyers as well as sellers for developing faith in the judiciary and the administrative system;
- share the existing appropriate mechanisms for exchange of information on measures of consumer protection, nationally and regionally;
- empower the urban and rural population to make informed choices and thereby protect their health and safety and get more value for money; and
- obtain feedback from the people about the existing redressal mechanism condition. In these programmes, local officials from the government, the *panchayat samities*, the *gram panchayats*, schools, members of district consumer forums, etc., served as resource persons.

More than 550 participants took part in ten PIMs. In Alwar, 35 school children also took part. Two district partners, Banswara and Jalore, are yet to organise PIMs during May 2012.



OTHER CONSUMER RELATED ACTIVITIES

- CUTS with the support of the Telecom Regulatory Authority of India (TRAI) organised one District Level Telecom Consumer Education Workshop at Dausa on March 01, 2012. Representatives of Aircel, BSNL, MTS, Idea, Vodafone, Reliance and AIRTEL were present as representatives from service providers, besides telecom consumers.
- The project team attended three open houses conducted by service providers – BSNL, Vodafone, Tata Docomo and Idea in Jaipur. On the other hand, Aircel and MTS both have appointed CUTS in their advisory board as per the guidelines of TRAI.
- Dharmendra Chaturvedi attended a National Seminar on Consumer Mediation organised by Consumer Coordination Council at New Delhi on March 24, 2012.
- Deepak Saxena and Dharmendra Chaturvedi attended the 13th meeting of the State Advisory Committee of Rajasthan Electricity Regulatory Commission on April 27, 2012 and discussed various issues related to power in the state. The ongoing research on electricity issues under the project was also put forth before the committee.



Road Safety Bill to be Tabled Again in the Parliament

Two years after it was rejected by a Parliamentary Standing Committee with a stinging critique, the Ministry of Road, Transport and Highways, Government of India, has decided to give another push to National Road Safety and Traffic Management Board Bill in the new financial year.

The legislation was introduced in May 2010 and sought to create separate national and state boards to address road safety issues, including road engineering, awareness campaigns to reduce accidents on national and state highways and coordinate with different agencies on safety issues.



Now, the Ministry is consulting with different stakeholders to prepare a legislation that would be acceptable and could be introduced in the Parliament. When the Ministry had started working on the creation of a separate mechanism, the initial discussions within the government had favoured the second option of establishing a directorate.

The Standing Committee had asked the Ministry to withdraw the Bill, which it has not done so far. It had pointed out that almost all aspects of road safety that have been proposed to be vested in the Board are being taken care of in the existing framework of road safety councils.

(The Economic Times, 02.01.12)

Consumer Court Irked on Insurers

Irked by insurance firms' general tendency to deny customers their rightful claims, a Delhi District Consumer Forum has ordered five insurance companies to pay compensation, ranging from ₹15,000 to ₹60,000 to five of their customers on separate complaints.

A Delhi District Consumer Disputes Redressal Forum directed Reliance General Insurance Co Ltd to pay ₹6.6 lakh to Delhi resident A K Dutt with Rs 6 lakh being the claim amount and ₹60,000 being the litigation cost and the compensation to the customer for the "mental and physical agony" suffered by him due to denial of his claim by the insurance firm. Dutt had complained that the company had denied his claim for his stolen car in 2008.

On another complaint regarding vehicle insurance, the Forum pulled up Oriental Insurance Company Ltd for ignoring a report of its surveyor and instead appointing second surveyor. It directed the company to pay ₹37,000 to its customer with Rs 15,000 out of the sum as compensation for "harassment" and litigation cost.

On another complaint relating to health insurance, the Forum ordered Reliance General Insurance Co Ltd to pay ₹35,000 as compensation to one of its customers, while asking the insurance firm to settle his claim of around ₹22,000.

Similarly, in two other cases, the Forum directed New India Assurance Co Ltd and the Oriental Insurance Company Ltd to pay ₹35,000 and ₹40,000 respectively as compensation to their customers relating to vehicle insurance.

(The Economic Times, 05.03.12)

PFC to Compensate RTI Applicant

A 73-year old RTI applicant, Balraj Kalra, resident of Kotakapura in Punjab, who suffered loss due to wrong information given by the Punjab Financial Corporation (PFC), has been awarded ₹50,000 as compensation by the Chandigarh Consumer Disputes Redressal Forum.

In his complaint, Kalra stated that he applied to the Corporation for some information under the Right to Information Act. By giving wrong information, PFC played a fraud with his wife, Parkash Kumari, "by selling land which was not owned by it". Kalra added that, on account of the wrong information, his wife had to pay the cost of land plus other expenses amounting to ₹2.8 lakh to the Corporation.

PFC denied that "wrong or irrelevant/incomplete information" was supplied to him and any fraud had been played with Kalra's wife by selling the land of which the corporation was not the owner.

PFC highlighted that the property sold to Kalra's wife was on lease with Punjab Small Industries and Export Corporation and it had only sold the leasehold rights of the property concerned, which is permissible under law.

After considering the case, the Forum observed that going by the statutes of the COPRA, Kalra was a consumer of the Corporation. The Forum stated that, when PFC sold the land to Kalra's wife, it was the "lawful duty" of the Corporation to supply information regarding the land as demanded by him.

(Indian Express, 12.04.12)



Steps to Be Taken in Case of Theft or Misplacing of ATM Cards

The ATM card has given us the power of accessing our money from a remote location. Considering this, it is very important for cardholders to ensure the safety of their cards. Unfortunately, sometimes, even when all precautions are taken, the card can be **misplaced or stolen**. In such a scenario, the first and the foremost thing to do is to contact the card-issuing branch and ask them to block the card. The bank will require you to give some personal information to ensure your identity before blocking the card.



Consequences of Stolen or Misplaced Cards

The bank is neither liable nor responsible for any transaction through a stolen/misplaced card before it is reported missing. Hence, the faster the theft of a card is reported, the better it is. All transactions done through a card before its theft is reported will be the sole responsibility of the card owner.

But, all liabilities or losses arising out of transactions which occur after the blocking of a card is requested are the sole responsibility of the bank. In the case of the State Bank of India vs K.K. Bhalla (revision petition no. 3182 of 2008), it has been clearly held that the bank will be liable for fraudulent withdrawal from the ATM.

In a 2009 Himachal Pradesh Consumer Forum judgement (2009(1) CPC 367 H.P.), the customer lost his ATM card and reported it to the bank immediately. In spite of the complaint, the bank had not deactivated his card. The court asked the bank to pay ₹63,850 with an interest rate of nine percent.

Once the card is reported as misplaced or stolen, even if the card is found later, it should not be used. Such a card should be cut across diagonally and disposed off properly. The bank will issue a new card for a nominal fee.

First Information Report

Apart from reporting it to the bank, it is very important to file an FIR with the police. It helps in establishing the time at which the card was stolen. Banks are mandated to provide contact information to the police and other relevant authorities in case if the card is stolen. In spite of all these rules, one should act with reasonable care while handling the card.

Precautions Laid Down by the Bank

- Always keep the card at a safe place
- Do not use birthday, home number, phone number or common numbers like 1111 or 1234 as the PIN
- Only the cardholder should use the card
- Learning and understanding the proper use of the card is very important before the cardholder starts using the card regularly

(Akosha, 22.03.12)

No Relief from Consumer Forum, if Case Is in Another Court

If a person approaches a court over a dispute, he should seek compensation from the same court and cannot move the consumer forum for compensation over the same dispute, held the state consumer commission while dismissing four complaints. The complainants had moved the city civil court against the opponents, who had allegedly violated the conditions of their agreement and failed to provide services as promised.

The complainants had asked that the opponents be directed to abide by the terms and conditions of the agreement and provide service as promised. They also moved the respective consumer forums for compensation, as the opponent failed to provide services.

When the complaints came up for hearing before the consumer forums, they were adjourned *sine die* till the case filed before the city civil court was decided. The complainants then filed revision petitions before the State Consumer Disputes Redressal Commission. The Commission dismissed the complaints terming them as "not tenable in law." Compensation claimed in the consumer complaint and in the civil suit was arising from the same dispute.

(Hindustan Times, 14.03.12)

Upcoming Activities

- Analysis & Compilation of Survey Data
- PIMs in Jalore and Banswara
- Publication of Briefing Paper
- Publication of Annual Progress Report
- Synthesis Report of PIMs Phase I

