

Consumer Info



[Quarterly Newsletter of Consumer Rights Education & Awareness Trust (CREAT)]

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THERMOMETERS FOUND INACCURATE

Though the thermometer is an essential household item seldom it will be available when is needed most. It lies in a secluded place and is remembered only when a member in the family suffers a physical disorder and the body temperature needs to be measured. Besides, less importance is given to the quality of the thermometer and its upkeep. Once purchased, it is assumed to be working well. Again very rarely consumers get to know about the quality of thermometers. Here comes the need for independent product evaluation.

In developed countries like USA and UK testing of consumer products is well established and market value of products vary depending on the test reports. It is reported that even the share value of product manufacturing companies fluctuate depending on the rating of the product. For instance 'Which' and 'Consumer Reports' are two well known magazines which carry tests reports from cars to safety pins. Manufacturers would like to see their products rated high. The circulation of these two magazines runs into lakhs. Without any promotional advertisements or funding from manufacturers the magazines and product testing survive on magazine subscriptions.

Here in India product testing is of a recent origin yet to take roots. Only two consumer groups namely Consumer Education and Research Centre (CERC) of Ahmedabad and VOICE of New Delhi have been able to test products and publish reports. But the effect of these reports is limited. Given a limited circulation consumers at large

are unable to get information about the products they use.

Take for instance 16 brands of thermometers tested by CERC. All of them are found to be inaccurate. Considering the purpose for which the thermometer is used, it is essential that they are accurate and give best results. The brands tested included Hicks Akutem, JVM Docto's Choice, NB Safety, A-One, Hindustan doctor, Hindustan Gold, Hicks Oval, Safet XXL, Waudu MCP, Comet Gold, Doctor, Gold Real among others. The thermometers were tested as per the specifications set by the Bureau of Indian Standards. The brands to comply with the standards of accuracy, have to pass the tests at all three temperatures at 37, 39 and 41 degree Centigrade.

None of the 16 brands tested passed all the three temperature accuracy tests and thus did not conform to the BIS standards. The least error at 37 degree C was found in Hicks Akutem and the maximum error was found in A-One. At 39 degree C Hicks Oval had the minimum error and Hindustan Gold had the maximum error. Hicks Akutem had the least error at 41 degree C and Hindustan Gold had the highest. Comet Gold showed consistency in error at all the three temperatures. BIS mark is mandatory for thermometers. Hence all brands, including some of them made in China had the BIS mark.

The tests have revealed some other interesting facts. Only three brands bore the silver hologram and five brands did not mention the manufacturing date of the thermometer. There were thermometers that

did not conform to the accuracy at 102.2 degree F, but conformed at 98.6 and 105.8 degree F. One of the interesting features of the test reports published by CERC is its recommendations. In this case CERC has suggested that BIS mark is to be made mandatory to mention the date of manufacture as well as the expiry date. Secondly, BIS should lay down standards for digital thermometers. Thirdly, BIS should make it mandatory for important brands to mention the manufacturer's name and the name of the Indian importer or marketer in India. For a detailed report refer to INSIGHT- the consumer magazine.

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Price Monitoring Cell constituted

The Central Government has constituted a price monitoring cell chaired by Additional Secretary in the Cabinet to monitor the prices of all identified essential commodities on a daily basis. Besides, the chairman, the committee has a member each from the department of consumer affairs, food and public distribution, industrial policy and promotion, economic affairs and agriculture and cooperation. The cell will monitor the prices on a daily basis and discuss with central government ministries problems faced by states relating to essential commodities.

GM labeling to be made mandatory

Labeling of genetically modified (GM) foods will be made mandatory. According to the Ministry of Health, the Prevention of Food Adulteration Rules will be amended to introduce a provision for this purpose. GM foods either imported or produced in the country will be covered under this Rule. The decision comes in the wake of the recommendation made by the Chairman of an expert committee set up by the ministry. The chairman, who is the head of the Institute of Communicable Diseases, has recommended labeling of GM food and food ingredients without any threshold limit.

The expert panel consisted of representatives from industry, Indian Council for Medical Research and the farmer leader Yudhvir Singh. Earlier the Foreign Trade Policy 2006 had said that all imported GM products should be labeled. If the consignment does not contain such a label and later found to contain traces of GM material, the importer is liable for penal action under Foreign Trade (Development & Regulation) Act, 1992.

Big Bazaar face food adulteration charges

The Pantaloon Retail India (PRIL) is facing a number of legal cases including those related to adulteration of food items at its store chain Big Bazaar. According to the press release by Press Trust of India, there are more than two dozen cases pending against PRIL and other group companies. This has come to light in the draft prospectus filed with the Securities & Exchange Board of India (SEBI) for an initial public offer of another group company Future Capital Holdings the financial arm of the Future Group.

As many as eight cases under the Prevention of Food Adulteration Act and Standards of Weights and measures (Packaged Commodities) Rules are being filed. In addition, 15 other cases for alleged offences like twice swiping of debit cards and misuse of trademark of other entities are pending against PRIL. The offer document says that the Public analyst allegedly found the produce to be adulterated as it did not conform to the standards and provisions of PFA Act.

(Source: Business Line)

Health Insurance Policies to be consumer friendly

A cursory look at the number of complaints filed in the consumer forum across the country against insurance companies reveal that it is health or mediclaim policies that top the list. Particularly, senior citizens are facing lot of hazels in getting their claim settled. Most of the claims are repudiated on the ground that the illness was pre-existing and the policy holder had suppressed this fact. Though belated, the Insurance Regulatory and Development Authority (IRDA) has said that it plans to soon come out with separate guidelines for the health insurance, aimed at comprehensive medical coverage and redressal of consumer grievances.

According to IRDA a separate health unit has been set up to handle a plethora of issues relating to health insurance with focused attention. A committee set up by the IRDA has submitted the report and is awaiting clearance. The IRDA has already taken steps towards standardizing the definition of pre-existing diseases, which are now reflected in the health insurance products.

Banks to furnish reasons for rejection of loans



These days any number of banks is ready to provide you loans on the click of the mouse or a simple phone call. In fact, banks and financial institutions

call on your phone offering loans. It is almost a compulsion. But when once you submit your application, chances are that your loan may be rejected. What more, you will not be told about the reason for rejection. Consumer Forums cannot come to your rescue, because sanctioning loan at the discretion of the banks.

But the Reserve Bank of India (RBI) has asked the banks to provide a range of information to the borrowers, including reasons for rejecting any applications for any loans. The rule is applicable to credit cards also. Earlier this rule was applicable for loans amounting to Rs.2 lakhs. However it has been extended to all categories of loans sought by the borrowers. The above change has been incorporated in the Fair Practices Code.

Exaggerated Ads by Cadbury

Advertisements issued by Bournvita and Complan manufacturers have been found to be exaggerated. The Advertisements Standards Council of India (ASCI) the Ad watchdog has upheld the consumer complaints against Cadbury India and Heinz India Private Limited's advertisement. The Association has found the headline of Cadbury's and 'Real achievers grow up on Bournvita' misleading by gross exaggeration in the absence of authentic evidence of the prolonged consumption over the growing years of the individuals cited in the advertisement.

The association has also upheld complaints against Heinz India's television campaign as misleading. The ad implied 'twice as much increase in height' in its communications, which could not be substantiated by the manufacturers.

(Source: The Financial Express)

Regulator for Real Estate Industry



The Central Government will constitute a regulatory body to oversee the real estate industry. The proposed regulator will be a quasi judicial structure and will be implemented in Delhi at the first instance. Later on it will be extended to the States.

According to the Urban Development Ministry, the regulatory body will be based on a model legislation to be followed by other states. The idea of setting up a regulatory body for real estate industry comes in the wake of several complaints from the consumers wherein real estate developers have cheated the consumers worth crores of rupees.

Insurance denied due to suppression of information

The 16 life insurance companies have declined to provide cover to a total of 80000 individuals since 2003, mostly because they suppressed information. Many applicants were denied insurance cover because of suppression of financial information. Others because they were not eligible for the amount of cover they had applied for or did not have a regular income source, or that they were not medically fit, or not fit to be covered due to occupational risks. It is also found that the individuals seeking information were not found in the address given in the application.

(Source: Business Standard)

OFFERING GOLD COIN WITH BISCUIT IS NOT UNFAIR

Next time when you buy a pack of biscuits or any other product which promises a gold coin inside it and if you do not find the treasure be sure that you can neither approach the Consumer Forum nor the Monopolies Restrictive Trade Practices Commission (MRTPC). For the MRTPC has decided that such an offer is not an Unfair Trade Practice (UTP). Any offer for a prize or gift cannot be termed UTP. For instance if the price of the product is not increased when the prize offer is launched, it does not become a UTP.

Sometime back M/s.ITC Limited started a prize scheme to promote its Sunfeast brand biscuits. The company undertook an elaborate advertisement campaign in print as well as electronic media to advertise the scheme. The advertisement said ' buy a pack of delicious Sunfeast Golden Bakes Biscuits and you could find a real gold coin inside absolutely free'

The Director General of the MRTPC initiated an investigation to investigate into the UTP flowing from the scheme. The DG was of the opinion that the scheme is nothing but purely a game of chance and, therefore, amounts to an UTP within the meaning of the MRTP Act. 1969. However the company argued that the scheme does not amount to a lottery or a game of chance and cited the judgment of the

Supreme Court in the case of HMM Limited vs.DG (MRTPC). In this case HMM had introduced a scheme wherein some coupons were inserted in some bottles of Horlicks. Some of these coupons indicated that the purchasers of the bottles in which they



were placed would get prizes like colour TVs, gift vouchers etc.

In the above case the SC had observed that for holding a trade practice to be an UTP, it must be found that it causes loss or injury to the consumer. In so far as prizes are concerned, there has to be the intention of not providing them as offered or creating the impression that they are being given or are being offered free of charge when in fact they are fully or partly recovered by the amount charged in the transaction as a whole.

If a promotional scheme is to be considered as an UTP there should be something to prove that the consumer has suffered a loss by buying the

produce just because of getting the prize or offer. For instance if the seller increases the price of a product before or as soon as the bargain offer is introduced then it amounts to UTP, because the seller would be indirectly motivating the consumer to buy the product and thereby make good the cost of the prizes. On the other hand if the consumer does not get the prize he will be losing a certain portion of the money.

In the Sunfeast biscuit case there was no such increase in price. Holding the HMM case applied to the present case the MRTPC has said that buyers of the Sunfeast biscuits have not suffered any loss just because they did not get the gold coins. For the amount they paid, they got the biscuit packet. Further the MRTPC observed that there is no allegation of the price rise of the packet of biscuits during the currency of the impugned scheme which has come to an end long back. That being so, we hold that no UTP is made out in this case and as such no enquiry is required. Now it is for you to decide whether to believe such promotional schemes.

“Everything glitters
is not gold “

Consumer Law

British Airways asked to compensate passenger

The International carrier British Airways has been asked by the Delhi State Consumer Disputes Redressal Commission to pay Rs.50000 to a woman passenger, who was denied a seat on a flight to London despite having a confirmed ticket and the boarding pass.

Mohan Bhog, the complainant, was reportedly not allowed to board a flight on 7.8.1995 despite having a confirmed ticket and a boarding pass as the luggage hold and the doors got closed by the time she reached there. 'Whenever a passenger reports for check-in counter and obtains a boarding pass, it is all the more incumbent upon the airlines to ensure that the person who had been issued boarding pass is allowed to board the plane,' Commission's President has said.

RBI asked to clarify cheque clearance delays

The National Consumer Disputes Redressal Commission (NC) has asked the Reserve Bank of India (RBI) to clarify its stand regarding the time taken by banks to clear outstation cheques to reduce losses for consumers due to such delays. The issue came up when the NC was hearing a petition alleging that delays by banks in clearing cheques caused a loss of over Rs.600 crore every day to consumers. The RBI produced a chart indicating that banks take approximately 14 days for collection of cheques and a few banks take more than 14 days time.

The NC has asked the RBI, which frames guidelines for all nationalized and private banks, to frame policies to minimize losses caused to consumers by the banks in clearing local and outstation cheques. The NC found that for local cheques a time limit has been set, for outstation cheques many of the banks have specifically put a maximum period of 14 days for collection of cheques. *(Source: The Economic Times)*

Bank's duty to compare signature on cheques

The Delhi State Consumer Disputes Redressal Commission has said that it is the duty of the bank to compare the signature on the cheques minutely, particularly when the cheque issued is in favour of self. Disposing of a complaint against Dena Bank for honouring forged cheques the Commission has directed the bank to pay Rs.87000 to the complainant. It has ruled that if a bank finds variations in the signature giving room for suspicion, it must return the cheque to the bearer. *(Source: The Economic Times)*



Bank directed to refund pre-closure charges

Taking loan from one bank, closing it after sometime and obtaining loan from another bank is something any consumer would do. Given the competition in offering loans and the varying interest rates, consumers would choose the best option. But banks have devised a new method to stop such foreclosure by adopting unfair means like levying hefty pre-closure charges. Unless agreed upon, such levy is illegal. This has been confirmed by the Karnataka State Consumer Disputes Redressal Commission.

M.Anees-ur-rahman had taken a loan of Rs.72284441 from Jammu & Kashmir Bank Limited, agreeing to repay it with interest. Later they approached Karnataka Bank to discharge this loan for them, which was done. But the J & K Bank recovered a sum of Rs.1447000 from the account of the complainants towards pre-closure charges. A complaint was filed in the District Forum, which dismissed the complaint. An appeal was made to State Commission on grounds of deficiency in service.

The State Commission found that in the absence of any agreement between the customer and the bank towards recovery of pre-closure charges, there was deficiency in service. The Commission directed the bank to refund the amount deducted along with interest at six per cent per annum.

Laser clinic directed to pay compensation

The Delhi Consumer Commission has ordered a surgical clinic to pay Rs.26700 to a girl who got no relief despite two years of treatment for her facial hair. The Commission said that where a consumer goes for treatment his/her minimum expectation is to get some relief. If the problem worsens and deteriorates instead, it is unjust and unconscionable. Rejecting the clinic (M/s. Surgical Laser Clinic) the Commission said that inspite of undergoing treatment for two years, there was no improvement. It leaves no manner of doubt that the clinic was negligent in services.

The Commission also refused to buy the clinic's argument that the money was not refundable after the medication starts, holding that it could not be allowed to take advantage of such a clause as it had failed to accord the assured result to her. *(Source: The Hindustan Times)*



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