

# Consumer Affairs and Customer Care

Sri Ram Khanna  
Savita Hanspal



VOICE Society (Regd.); Est. 1999

(Publisher of Consumer Voice Magazines)

*Editorial Office:*

E-34, East of Kailash

New Delhi-110 065

[www.consumer-voice.org](http://www.consumer-voice.org)

Copyright © Sri Ram Khanna August 2006 and December 2019

---

All rights reserved. No part of the material protected by this copyright notice may be reproduced or utilized in any form, including electronic, or mechanical, photocopying, recording, or by any information storage and retrieval system, without written permission from the copyright owner.

---

First Published: **2020**

ISBN: **978-81-943360-0-6**

Published by VOICE Society (Regd.) and printed at Milan Enterprises, New Delhi

Cover Design Artwork: Deepak Bhatt

PRINTED IN INDIA

# Contents

*About the Book*

*About the Authors*

*Foreword*

*Preface*

*Abbreviations/Acronyms*

*List of Tables and Figures*

## **Chapter 1: The Indian Consumer Markets: Emergence of the New Middle Class and Its Demographics**

- 1.1 Economic Liberalization and Emergence of New Middle Class
- 1.2 Middle Class Consumers: Transformation from PYRAMID to DIAMOND
- 1.3 Socio-Economic Classification (SEC) of Indian Market

## **UNIT 1**

### **Chapter 2: Consumer and Markets: Introduction**

- 2.1 Consumers, Consumption and Consumer Behaviour
- 2.2 Nature of Markets: Retail and Wholesale, Urban and Rural
- 2.3 Pricing: Retail and Wholesale, GST and Inflation

### **Chapter 3: Consumer Dissatisfaction and Complaining Behaviour**

- 3.1 Consumer Buying Process
- 3.2 Problems Faced By Consumers
- 3.3 Complaining Behavior

### **Chapter 4: Quality and Standardization**

- 4.1 Quality and Standards

- 4.2 Energy Efficiency Standards and Star Labeling in Electrical Appliances
- 4.3 Creating Systems to Enhance Customer Satisfaction: Role of the ISO 10000

## **UNIT 2**

### **Chapter 5: Consumer Rights: Background, Objectives and Basic Concepts Under The Consumer Protection Act, 1986 & 2019**

- 5.1 Background of the Law, Consumer Rights and UN Guidelines for Consumer Protection
- 5.2 Basic Concepts under the Consumer Protection Act 1986 and 2019

### **Chapter 6: Organisational Set Up Under Consumer Protection Act and Role of the Supreme Court**

- 6.1 Organisational Set under the Consumers Protection Act
- 6.2 Role of Supreme Court of India under Consumers Protection Act: Nine Leading Cases

## **UNIT 3**

### **Chapter 7: Caveat Venditor: Grievance Redressal Mechanism under the CPA**

- 7.1 Consumer Jurisprudence, Complaint Filing, Procedure and Limitation, Concept of Services and Impact of Consumer Courts
- 7.2 Leading Cases from Seven Consumer Sectors of Industry

## **UNIT 4**

### **Chapter 8: Consumer Movement in India**

- 8.1 History of Consumer Protection and Recent Developments in Consumer Movement
- 8.2 Role of Consumer Organisations and their Working Models
- 8.3 Comparative Product Testing in India

## **Chapter 9: Role of Industry Regulators in Consumers Protection**

9.1 Insurance: IRDA and Insurance Ombudsman

9.2 Emergence of Regulated Telecom Market in India and TRAI

9.3 Indian Banking Sector and Role of RBI and Banking Ombudsman

9.4 Civil Aviation: Role of DGCA and Air Passenger Charter

9.5 Food Quality and Safety: Role of FSSAI

9.6 Electricity: Regulatory Commissions and Ombudsman

9.7 RERA: Rights of Home Buyers under Real Estate Regulation Act 2016

## **UNIT 5**

### **Chapter 10: Competition Law**

10.1 Scope and Objectives of the Competition Act

10.2 Overview of the Act: Chapters and Sections

10.3 Anti-Competitive Agreements: Prohibition of Certain Agreements

10.4 Abuse of Dominant Position

10.5 Regulating Business Combinations

10.6 Who Can File Complaints?

10.7 Competition Commission of India (CCI)

10.8 Competition Appellate Tribunal (COMPAT)

### **Index**

# List of Tables and Figures

## List of Tables

---

### Chapter 1

Table 1.1: Summary of 1<sup>st</sup> Generation Economic Reforms: 1991 to 1998

Table 1.2: Summary of Phase of Continuation of Economic Reforms: 1998-2004

Table 1.3: Summary of Phase of 2nd Generation Economic Reform: 2004-2014

Table 1.4: India's Modern Trade Category Comprises Global and Domestic Participants

Table 1.5: Technology Components Required by Retailers

Table 1.6: Brands In Consumer Durables And Consumer Electronics: 2014

Table 1.7: Urban SEC: Old Classification

Table 1.8: Rural SEC: Old Classification

Table 1.9: New SEC System

Table 1.10: Urban and Rural Markets and Divides the Indian market in 12 SEC Classes as per the New System

Table 1.11: New SEC Product Grid

Table 1.12: New SEC Product Education Grid

Table 1.13: SEC Group Distributed by Monthly Household Income (MHI) in Rs

Table 1.14: Consumer Classes Resembling More a Diamond than a Pyramid

Table 1.15: Comparative Average Monthly Household Incomes of the 12 Classes

Table 1.16: Format for Classification of Household Income by Observation

## **Chapter 3**

Table 3.1: List of Convergence Companies

## **Chapter 4**

Table 4.1: Colour TV 21 Inches Power Consumption

Table 4.2: Colour TV: Power Consumption and Cost of Operation

Table 4.3: Power Consumption of Ceiling Fans (1200mm)

## **Chapter 5, 6, 7**

Table 7.1 No. of Complaints Filed/Disposed of since Inception (under CPA)

## **Chapter 8**

Table 8.1: Profiles of Testing Based Consumer Magazines in 7 Countries (2004)

Table 8.2: Home Grown vs. Foreign Ownership Model

Table 8.3: Criteria for Testing of Various Categories for Products

Table 8.4: Comparative Product Testing

## **Chapter 9**

Table 9.1: The Turnaround Time (TAT) Framework

Table 9.2: Effective Call Rates per Minute in Rupees

Table 9.3: Service Quality Parameters and Benchmark

Table 9.4: Benchmark for Measuring Customer perceptions of Basic (Wireline) and Cellular Mobile Telephone Service

Table 9.5: Category-wise Distribution of Complaints (Numbers & Percentage of Total Complaints Per Year)

Table 9.6: Food Categories of (Milk and Milk Products) under FSSAI

Table 9.7: Food Import Clearances by FSSAI across Five Major Ports/Airports (Jan–June 2014)

Table 9.8: Visual Inspection on Rejections of Imported Food by FSSAI at Major Ports/Airports

Table 9.9: Total Installed Electricity Generation Capacity (As on 31.08.2016)

Table 9.10: Programme, Actual Achievement and Growth in Electricity Generation in the Country during 2009-10 to 2016-17 (in Billion Unit)

Table No 9.11: Standards of Performance and Amount to be Paid to Consumers for Default in Each Case

## **Chapter 10**

Table 10.1: Threshold limits for Filing Notice

Table 10.2: Revised Thresholds for Filing Notice for Combinations

Table 10.3: Select Performance Parameters: CCI

Table 10.4: Sector-wise Distribution of Anti-Trust Matters noted by the Commission

Table 10.5: Sector-wise Distribution of Combination Notices received by the Commission



# List of Figures

---

## Chapter 2

Fig. 2.1: Types of Buying Behaviour

Fig. 2.2: The Lu Lu Mall

Fig. 2.3: Central Atrium of LuLu Mall with Translucent Roof

Fig. 2.4: Food Court Area of the Mall

Fig. 2.5: Amusement Area in the Mall

Fig. 2.6: A Retail Store in Rural India

Fig. 2.7: A Weekly Haat (Shopping Fair) in Rural India

## Chapter 3

Fig. 3.1: Stages in the buyer decision process

Fig. 3.2: Examples of Counterfeit Products

Fig. 3.3: Consumption of goods and services Consumer Dissatisfaction  
Consumer Detriment Consumer Loss

Fig. 3.4: Interrelation of Consumer Detriment, Dissatisfaction and Loss

Fig. 3.5: Classification of Consumer Detriment (Source: Adopted from  
Europe Economics, 2007)

Fig. 3.6: Post-purchase satisfaction or dissatisfaction

Fig. 3.7: The Satisfaction Pyramid

Fig. 3.8: The Dissatisfaction Pyramid

Fig. 3.9: ISO 10,000 Suite

## Chapter 4

Fig. 4.1: The ISI Mark

Fig. 4.2: Components of Hallmark

Fig. 4.3: Ecomark Logo

Fig. 4.4: AGMARK Logo

Fig. 4.5: Star Labelling Programme

Fig. 4.6: ISO 10002 Process

Fig. 4.7: Methods of Dispute Resolution

Fig. 4.8: Operation of External Dispute Resolution Process EDRP-ISO

## **Chapter 5**

Fig. 5.1: UN Guidelines on Consumer Protection

## **Chapter 8**

Fig. 8.1: Organization Chart of Department of Consumer Affairs as on 18th April, 2019

Fig. 8.2: Comparative Product Testing

## **Chapter 9**

Fig. 9.1: Mobile Growth and Effective Charge per minute

Fig. 9.2: Decline in Fixed line Service Tariffs

Fig. 9.3: Indian Food Category System Classification-Four level system

Fig. 9 4: Delhi govt. Ad Regarding Pesticide Residues

# Chapter 1

## The Indian Consumer Markets: Emergence of the New Middle Class and Its Demographics

---

### **1.1 Economic Liberalization and Emergence of New Middle Class**

Indian consumer markets have grown at a fast pace since the economic liberalization was initiated in 1991. The reforms can be classified as those that impacted market growth and those that exposed the domestic market to international competition. There are four policy changes that stand out and are also referred to as the Big Bang reforms. The first was dismantling controls in raising capital from financial markets, enabling companies to raise capital without government control and determine issue prices. Secondly, the removal of quota and licensing control unleashed economic forces that allowed manufacturers to respond freely to demand. While these two policy changes unleashed competitive forces in the Indian market, allowing foreign direct investment (FDI) in a wide range of domestic industries had far-reaching implications by infusing capital, new technology and efficient management systems. Finally, the removal of import restriction, in force since Independence, opened the door to import of all types of industrial and consumer products. Most products could now be imported without licenses unlike the past where importing goods was almost impossible or there were restrictions on quantity, making it expensive and adding international pressure on Indian markets. These reforms constituted a paradigm shift in the Indian market and unleashed competitive and productive forces hitherto unseen in the Indian economy.

## **Low Income Levels since Independence**

India's per capita income (net national income at factor cost and current prices) was only Rs 264 in 1950-51 when planned economic development started with the first Five Year Plan. It worked out to a measly Rs 22 per month and a family of four earning Rs 100 per month was considered well off as a bulk of the poor population eked out a living at much lower levels. A family of four in the lowest income class could survive at less than Rs 20 p.m. This was the time when bulk of the Indian population lived in deprivation and poverty. By 1973-74, 72% of the rural population and 65% of the urban population was estimated to be below the poverty line—estimated at Rs 20 per capita per month needed to buy nutrition equivalent to 2250 k.cal/day.<sup>1</sup> After a decade of planned development, per capita income rose to Rs 373 by 1960-61, an increase of only 71 index points over a base of 100 in 1950-51. Yet, it was only Rs 31.08 per month in rupee terms. Over the next decade it rose to Rs 763 (1970-71) at Rs 63.58 per month, and after the third decade of planned economic development it had risen to Rs 1851 or Rs 154.25 per month. (1980-81).<sup>2</sup>

The following analysis of economic reforms in the Indian market is being done over three time periods. The first period, 1991-1998, set the ball rolling for faster economic growth. During this period, the Central Government followed a clear reform agenda and implemented the first generation of economic reforms. The second period from 1998-2004 was marked by change at the Centre as the Congress party, the original proponent of economic reforms, was voted out. The new NDA government did not share the same vision, but the reforms implemented earlier were allowed to continue, and the second period, (1998-2004), allowed the first generation of reforms to take deeper roots and impact the markets. The third period, 2004-2014, was marked by the return to power of the architects of the first generation of reforms (UPA-I and II) and this period is referred to as the second phase of reforms.

The economic reforms of 1991 took place in the background of a balance of payments (BoP) crisis. Foreign exchange earnings were adversely affected as the Rupee-Rouble trade with USSR nearly collapsed with the breakup of the Soviet Union. Oil prices began to rise due to the Gulf War and India had precarious foreign exchange resources, forcing it to

seek a US \$1.8 bn loan from the International Monetary Fund (IMF). The government led by Narasimha Rao as Prime Minister and Manmohan Singh as Finance Minister agreed to a number of policy reforms which are commonly referred to as LPG---Liberalization, Privatization and Globalization. These reforms were forced on the politicians as the economic situation had worsened and foreign exchange resources dipped to no more than two weeks of imports. India was left with no choice but to adopt the structural adjustment programme of IMF.

### **First Generation Economic Reforms Push Per Capita Incomes**

By the time the Indian Government set out to implement the first generation of economic reforms in 1991-92, the per capita income had risen to Rs 6298 at current prices or Rs 524.58 per month. Throughout the 1980s the principal author of this book focused on research in international trade in textiles. The author's research and writings drew the attention of George Burnett, a commercial diplomat at the US Embassy in Delhi who noticed these writings and made a mention of this work. It resulted in to an invitation to spend a month travelling across USA and interact with textile industry business interests who favoured continuation of quotas under MFA whose abolition I had advocated in my writings. In those days a paid trip to USA under the US International Visitor (IV) program was somewhat of a luxury. The cost of travel and stay could be as much as a year's earnings for a Reader (like me) at the University of Delhi. I spent most of July 1991 travelling to a number of US textile producing states, including South Carolina and Arizona. I decided to take a break to meet my school friend Arvind Mahajan, who was teaching finance at the Texas A&M University at College Station. It was during this holiday that I read a report of the Union Budget presented by the-then Finance Minister Dr. Manmohan Singh on 24th July, 1991 in New Delhi. The opening paragraph of this path-breaking Budget speech was dedicated to the late Prime Minister Rajiv Gandhi, who had been assassinated.<sup>3</sup>

During my month-long sojourn in USA, I was oblivious to the momentous changes taking place at home. They started with the abolition of most export subsidies on 3rd July, 1991, accompanied by devaluation of the Rupee to compensate exporters for the loss of subsidies. The Finance

Minister built a case in support of reforms in the opening paragraphs of his Budget speech. He mentioned the dismal economic situation-high fiscal deficit of 8% of Gross Domestic Product (GDP), public debt ballooning to 55% of GDP and 20% of all government expenditure going into servicing this debt amounting to nearly 4% of GDP. The current account deficit had ballooned to 2.5% of GDP with external debt at 23% of GDP, and 21% of current account earnings were spent to service the external debt. Foreign exchange reserves were only Rs 25,000 crores-barely enough for imports for a fortnight. Wholesale and retail inflation were also in double digits. Dr Singh proposed exposing the Indian industry to greater competition and disinvestment of up to 20% of public sector companies' equity to private citizens.

There was no internet or Indian TV channel in USA in those days, and I read about these momentous developments in a publication days after they had happened. I was astounded as no one in their wildest dreams could have anticipated such radical changes at that time.

Starting with the abolition of export subsidies announced on 3 July, followed by the Budget speech of 24 July, a number of measures followed indicating that there was a real change in economic policy. The reforms which can now be described as 'Big-Bang' were led by removal of industrial licensing for large-scale industries. Except for cities with a population of one million, new industrial units could be set up without licenses. Removal of restriction on Foreign Direct Investment (FDI), which had been in force since Independence, was to usher in foreign capital at an unprecedented scale. All capital controls on issue of new capital were abolished and SEBI (Securities and Exchange Board of India) was to take the place as the financial markets regulator, replacing the office of Controller of Capital Issues. Restriction on expansion of monopoly houses and buying shares of small scale industries (SSI's) were removed. Table 1 below summarizes these 'Big-Bang' reforms which continued till the Congress Government was in office till 1998.

It will not be out of place to mention the reform in the broadcast industry. The monopoly of TV broadcast by the state-owned Doordarshan was dismantled in 1992 to allow entry of private TV channels. Five channels of Star TV, including MTV and Star Plus, were the first to

broadcast. They were followed by ZEE TV as the first Indian private channel. The Cable Regulation Act of 1995 helped regulate the private channels delivered by cable operators. This single reform was to set the pace of a vibrant TV broadcast industry in India.

FDI had been a dirty word and synonymous with the exploitation of Indian resources by the East India Company and later under British rule. Policymakers had consciously avoided FDI as a policy since Independence and it was encouraged only in areas where foreign exchange could be earned. Only two decades earlier, Indian companies with FDI (known as FERA companies) were compelled to domesticate by selling off their shareholdings to Indian citizens and entities. The FERA companies were made to offer their shareholdings to Indian nationals by Initial Public Offers (IPOs) over the stock exchanges over 1970s. The inflow of FDI in India was only about US\$ 408 million.

In 1990 after a peak of US \$126 mn in 1989, the bulk of this investment was in five industries-chemicals, electronics, machinery, engineering and metallurgy<sup>4</sup>. After FDI was opened in 1991, the total FDI stock in India rose to US \$45 billion<sup>5</sup> by 2005. During 1987-90, the annual average inflow of FDI was barely US \$100 million. During 2001-2004, it increased to US\$ 4.1 bn per annum to show a quantum jump. The reforms of 1991 were brought in by a PM who is no longer given credit for the reforms. Narasimha Rao was cautious to distance himself as he may have been unsure of the impact of the reforms and kept Manmohan Singh at the forefront.<sup>6</sup> The reforms continued in foreign trade and investments, fiscal and tax policy, financial sector, agriculture and infrastructure sector. The measures came in a series of steps between July 1991 and 1998 when the NDA Government took office.

These 'Big Bang' reforms are summarized in [Table 1.1](#) below.

**Table 1.1: Summary of 1st Generation Economic Reforms: 1991 to 1998**

Industrial Reforms	Foreign Trade & Investment	Fiscal & Tax	Financial Sector	Food, Land & Agriculture	Infrastructure
<p>1991: Industrial Policy Resolution 1956 replaced by New Industrial Policy (NIP).</p> <ul style="list-style-type: none"> <li>Abolishing Industrial Licensing</li> <li>MRTP House controls</li> <li>Govt. permission for location (Except in cities)</li> <li>Restriction on up to 24% shares in SSI</li> </ul> <p>1991: Reservation for Public Sector reduced Divestment in Public Sector:</p> <p>1991: Divestment Begins 1992: Monopoly of Doordarshan (DD) on TV broadcast abolished &amp; Star TV and Zee TV enter the market</p> <p>1993: Rangarajan Committee 1996: Divestment Commission 1998: Dept of Divestment created Expert Committee for repeal of MRTP Act and for new competition law. 1997: Expert committee recommends SSI De-reservation</p>	<p>1991: FDI allowed in Industries; Export Subsidies Abolished along-side 23% rupee Devaluation.</p> <p>FDI Liberalized progressively &amp; automatic route expanded</p> <p>1995: Uruguay Round commitments open door for removal of import licensing and Quotas on imports</p> <p>1997: Reduction in Peak Rate Customs Duties from 50% in 1991-92 to 40%.</p>	<p>1991: Chelliah Committee on Tax Reforms.</p> <p>1992: Tax Reforms begins gradual reduction in Excise &amp; Customs duties 1995: Peak rates in Income Tax begin to decline 1997: Ways &amp; Means, Advances by RBI to Gov. instead of Monetising Deficits</p>	<p>1991: Abolition of Capital Controls. Freeing of Capital Markets.</p> <ul style="list-style-type: none"> <li>Term loan not to be converted to Equity</li> <li>Narsimha Committee on Banking Reforms</li> </ul> <p>1992: The Security and Exchange Board of India Act sets up SEBI as Capital Market Regulator</p> <p>1994: Malhotra Committee on Insurance Reforms recommends deregulation</p>	<p>1991: Partial decontrol of fertilizer prices met with strong opposition; price increase rolled back.</p>	<p>1994: New Telecom Policy. 1994: Monopoly of Air India &amp; Indian Airlines abolished by Air Corporation (Transfer of Undertaking &amp; Repeal Act 1994) 1995: Private Airlines enter market</p> <p>1995: Deregulation of Telecom Industry. 1996: Rural Infrastructure Development Fund set up.</p> <p>1997: Telecom Regulatory Authority to set up Telecom Regulator</p>

Source: Computed by Prof. Sri Ram Khanna with assistance from M.Com students of University of Delhi, 2014.

By 1997-98, per capita income (PCI) had risen to Rs 13,352 or Rs 1112.66 per month, more than doubling over this seven-year period. The increase in PCI was faster than the increase observed in each of the first four decades between 1950-51 and 1990-91. Personal incomes continued to rise in the next phase of reforms.

In 1998, the UPA Government was replaced by the NDA Government led by Prime Minister A.B. Vajpayee. There were no 'Big-Bang' reforms during the second phase between 1998 and 2004. Per capita income



continued to rise, reaching Rs 21763 in 2003-04 or Rs 1813.50 per month. The momentum of the reforms was not lost as the new Government, contrary to expectations, allowed the reforms to have their full impact by unleashing economic forces. The Government continued the industrial as well as foreign trade and investment liberalization. It also deepened the financial reforms with steps that enhanced competition in the banking and insurance industries. It also initiated changes designed to improve agricultural production, a notable addition initiation of reform in the infrastructure sector. This included the Golden Quadrilateral programme to connect major metros, providing a push to construction of highways across the country. The electricity sector, which had become highly inefficient, was sought to be energized by setting up state-level electricity regulatory bodies empowered to decide tariff. [Table 1.2](#) summarizes the reforms that were implemented in this period.

**Table 1.2: Summary of Phase of Continuation of Economic Reforms: 1998-2004**

Industrial Reforms	Foreign Trade & Investment	Fiscal & Tax	Financial Sector	Food, Land & Agriculture	Infrastructure
1999: Gradual de-reservation of SSI started in 1997.  2002 Competition Act enacted-implementation stayed by SC	2000: SEZ Policy 2000: Negative list for FDI notified 2002: All items reserved for SSI put on OGL progressively post 1995	2003: Fiscal Responsibility & Management Act. 2003: Service Tax introduced 2005: VAT introduced.	1998: Allows foreign equity in Insurance Co's  1999: (A) Banking Reforms <ul style="list-style-type: none"> <li>• Autonomy to Public Sector Banks</li> <li>• Banking Law Amendments</li> <li>• Separate role of RBI as Regulator &amp; owner</li> </ul> (B) IRDA set up & Deregulation of Insurance Industry. 2002: Banking Reforms <ul style="list-style-type: none"> <li>• Increase Cap Adequacy Ratio to 10% by 2002 <ul style="list-style-type: none"> <li>• Banks computerisation</li> </ul> </li> <li>• SARFAESI Act</li> <li>• Asset Reconstruction Co's</li> </ul>	2001: Ministers & CM's group for phasing out restriction under Essential Commodities Act. 1998-2003: Attempts to reduce subsidies on Fertilisers rolled back.  2000: National Agriculture Policy; Agmark Net; Seed Crop Insurance; 2002: National Seed Policy 2003: Protection of Plant varieties and Farmer Rights Act. 2002: Commodity futures ban of 1960's removed & NCDEX MCX & NMCE set up	1998: Electricity Regulation commission Act. 2000: TRAI (Amendment) Act 2000 strengthens Regulator  2001: Highway Development Golden Quadrilateral 2005: NHAI operationlised  2003: Naresh Chandra Committee recommends private airlines to provide international air transport services to and from India.  2003: Pradhan Mantri Gramin Sadak Yojna (PMGSY)

(Source: Compiled by Prof. Sri Ram Khanna with assistance from M.Com students of University of Delhi, 2014).

## Second Generation of Economic Reforms

The return of the Congress-led UPA Government to power in 2004 saw the acceleration of the reform process. Dr. Manmohan Singh, who was the architect of the 'Big-Bang' reforms under Narasimha Rao, was sworn in as Prime Minister himself. His government embarked on the reform process with renewed enthusiasm. Some of the steps included setting up of a Department of Medium, Small and micro enterprises (MSME) and commencement of operations by the Competition Authority, which was unable to operate since 2002 due to a stay order by the Supreme Court. Amendments to the competition law in 2009 removed this hurdle before the Competition Authority started functioning. Most of the reforms in the foreign investments policy related to removing of bottlenecks in the form of

processes and procedures in the automatic and Foreign Investment Promotion Board (FIPB) routes where bureaucratic approvals were required.

The most difficult part of the reforms in this period related to the Goods and Services Tax which required support from state governments. Years of consultations resulted in a consensus in 2013 when the government accepted the changes proposed by the all-party Parliamentary Standing Committee in 2013. However, this consensus was 'short lived' as this reform got stuck in the Rajya Sabha.

The NDA Government led by Prime Minister Narendra Modi replaced the UPA Gov. in May 2014, and the GST Constitutional Amendment Bill was ultimately passed in the summer of 2016 with the target for implementation in FY 2017-18. Another area of reform was to remove the restriction on movement of foodstuffs from one state to another. These controls were a legacy of the price control era when food shortage forced rationing.

In spite of legislation and amendments to the Essential Commodities Act in 2005, the removal of restrictions on movement and stock limits on food items had to be temporarily suspended due to pressure from state governments as they felt the only way to curb food inflation was to re-impose restrictions. Even though forward markets in food and other commodities continued to function, there was political pressure to remove food items from being traded in futures markets.

Certain sections in political circles blamed the speculative futures trading in food items as one of the reasons for food inflation. The most important reform measure was the repeal of the archaic Land Acquisition Act of 1894 and its replacement by the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act of 2013. This restored the power to agricultural landowners and protected them from the acquisition of land by the government at low prices.

The acquired land would be given to private parties who could make money by excluding the original land owners. The law was changed after the Supreme Court gave a string of judgments striking down illegal acquisition of land by state governments, bringing relief to farmers protesting against acquisition of land.

Infrastructure reforms gained momentum with the help of rural electrification programme of 2005 and new telecom policy of 2012. The Cable TV Network Amendment Act 2011 initiated digitization of cable TV. Initially, the government rolled out digitization and set-top boxes in four metros by 2012 and 38 cities by 2013.

It was expected to cover the whole country by 2015 but took longer. In 2014, this industry had 823 channels serving 277 million TV sets. Some 145 million TV sets were served by cable and satellite TV of which 78 million were Direct to Home (DTH) broadcast. As of September 2014, 64% of households had been penetrated by television.<sup>7</sup> In 2014, the number of TV homes was growing by 8-10% per annum. By the time the UPA Government demitted office in May 2014, the per capita income had risen to about Rs 74,380 or Rs 6198.33 per month in 2013-14—an increase of about 3.4 times from the figure of Rs. 1813.58 per month a decade ago.

**You've Just Finished your Free Sample**

**Enjoyed the preview?**

**Buy: <http://www.ebooks2go.com>**