



**Economic Policy Paper
on
CONSUMER PROTECTION LAWS**

**Prepared
under**

**The DCCI-CIPE, ERRA Project
(CIPE is an affiliate of the U S Chamber of Commerce, Washington, D.C., USA)**

**The Dhaka Chamber of Commerce and Industry (DCCI)
65-66, Motijheel, Commercial Area, Dhaka-1000**

2000

Economic Policy Paper on Consumer Protection Laws

Prepared By

Dr. Anwar Hossain

Publishers

The Dhaka Chamber of Commerce and Industry (DCCI), and
The Center for International Private Enterprise (CIPE)
(CIPE is an affiliate of the U. S. Chamber of Commerce, Washington, D.C., USA)

Advisors

Benajir Ahmed, President, DCCI
Mahbub-uz- Zaman, Sr. Vice-President, DCCI
Absar Karim Chowdhury, Vice- President, DCCI
Aftabul Islam, Immediate Past President, DCCI

The Center for International Private Enterprise (CIPE) Officials

John J. Callebaut
Senior Program Officer, Asia
D. Sullivan
Executive Director

The Dhaka Chamber of Commerce and Industry (DCCI) Co-ordinators

M. Azizur Rahman, Project Coordinator, DCCI-CIPE, ERRA Project
Ferdaus Ara Begum, Joint Secretary & Coordinating Officer, DCCI-CIPE, ERRA Project

The DCCI encourages the reprinting and translation of this publication to achieve wider dissemination. Short extract may be freely reproduced with due acknowledgement of the source. Permission of the DCCI should be requested for more extensive re-production or translation. A copy of the re-printed or translation material should be sent to the DCCI.

This Project is supported by a Grant from the Center for International Private Enterprise in Washington, D.C.

Table of Contents

Introduction

Chapter I Brief Description of the Existing Consumer oriented Laws

1. The Control of Essential Commodities Act, 1956
2. Essential Commodities Price & Bond Ordinance, 1970
3. The Pure Food Stuff Ordinance, 1959
4. Trade Mark Act, 1940
5. Breast Milk Substitutes Ordinance, 1983
6. Weight and Measures Ordinance, 1961
7. Weight and Measures Ordinance, 1982 amendment
8. Drug Control Ordinance, 1982

Chapter II Market Situation With Reference to Price Index & Inflation

1. Prices And Cost Of Living of 1985/86
2. Prices And Cost of Living of the Period 1990-96
3. Prices And Cost of Living of the Period During 1997/98
4. Prices And Cost of Living During 1999 (January - March)

Chapter III Market Situation With Reference to the Quality of Foodstuff, Drugs, etc

1. Situation Related to Smuggled Goods
2. Level of Consumer and Their Preference
3. Existing Supportive Laws
4. Existing Non-Supportive Laws
5. Evaluation of the Market Situation

Chapter IV Recommendations

Introduction

In the backdrop of rapid development and globalization of our economy it is essential that Bangladesh should have a pragmatic consumer policy to ensure consumer right and to protect them from unfair business practices. There is a popular saying in Market Economy that “consumers are the king” but in the context of Bangladesh can we say the same? Unscrupulous traders and manufacturers usually exploit customers by charging higher artificial price, lucrative advertising, packing the poor quality products with attractive covers, etc. In an economy where quality fails to play the key role, adulteration and fake products dominate the market it is not only the consumers who suffer, so do the honest traders and manufacturers. The situation is different in a largely competitive and developed market, whereas the later scenario is a characteristic of initial stages of developing market. Here the innocent, simple and illiterate population is revolving in a vicious cycle of poor quality and often adulterated goods. They are often cheated in price with false weights and measures and price hike. The vast mass of illiterate and uninformed consumers due to lack of proper knowledge fail to distinguish between real and fake products and ultimately loose faith in the product or market that causes continuous shift in their choice. As a result products of honest and quality producers suffer and their sales decline.

In terms of market behavior Bangladesh is in transition. Neither consumers nor producers are to be seen as absolute king here. The volume of low quality and fake goods prove ignorance and weak bargaining power of the consumers. Again the increase of advertisement of better goods indicates competition in producers level and selectivity of buyers. In Bangladesh competition among the producers as well as consumers awareness are increasing. Therefore, with the advertisement any item may raise its sells but if the product lacks the desired quality soon it becomes unpopular. Even when any newly launched product or brand becomes popular in the market, some dishonest traders duplicate the product or brand and cheat the consumers and thus tarnish the image of the popular product or brand which loses its good will.

Reasons for such imperfection of market economy in Bangladesh are many. However some key reasons may be identified as illiteracy and ignorance of consumers, want of government surveillance, inadequate provision of law, lack of vigilance on the part of manufacturers association, lack of standardization of product, and absence of strong consumer movement. In this context, to check the reckless exploitation of the consumers, historically three possible measures have so far been proved effective; these are:

1. Legal actions,
2. Role of Consumers' Associations, and
3. Voluntary controlling system by the producers.

Out of these three measures, the first one is considered the most effective one. Because the affectivity of the rest two measures are, more or less, dependent on existence and proper implementation of law and order. From the beginning of the human civilization, law and order (i.e., legal actions) ensure the disciplined and moral activities of human beings by formulating some fundamental principles. Therefore, law and order must come first to protect the consumer's interests and thereby, let it serve its historical duty of ensuring consumers' rights.

Ultimately in full boomed market economy consciousness, choice and power of the consumers and competitiveness of producers will dominate the market, where legal action becomes less significant.

Chapter-I: Brief Description of the Existing Consumer oriented Laws

1. The Control of Essential Commodities Act, 1956

The objective of this law, which came into effect on September 19, 1956, is to impose restriction over the essential commodity prices. In order to impose restriction over the essential commodity prices Government possesses the right to produce, distribute, preserve, use and trade, etc. of the essential commodities time to time.

Policy Instrument:

Policy instrument of the law is introduction of license and permit system, *through which*, Government has been empowered:

- To interdict the withdrawal of the sale of the commodities kept for sale and direct the hoarder to sell those commodities, in partial or in aggregate, at a determined price, and
- To direct for keeping systematic accounts of the essential commodities and presenting records to the authorized government officials in special cases.

Punishment for Violation:

Punishments for violation as envisaged in the law are:

- Three years imprisonment, or
- A penalty, or
- Both.

2. Essential Commodities Price & Bond Ordinance, 1970

Objective:

To guarantee the current prices of commodities so that Government possesses the right to determine the prices of essential commodities.

Policy Instrument:

Government is empowered with the following right:

- Fixation of maximum price,
- Publication in the government gazettes,
- Estimate cost of commodities imported or produced,
- Estimate related cost of commodities, and
- Consider reasonable profit margin for the producers,

Enforcing the Producers:

- To mention the price on the commodity,
- To disclose the price list publicly, and
- To issue receipts for the commodities sold.

3. The Pure Food Stuff Ordinance, 1959

Effective Date: October 14, 1959 and 1966 amendment (Ordinance No. 13, 1966).

Objective:

The objective of this ordinance which came into effect on Oct 14,1959 and later amended in 1966 is to check and control adulteration and production, supply and distribution of several foodstuffs including milk and powder milk, flour, edible oils, butter etc.

Restrictions Imposed:

- Production and sale of adulterated food stuffs, foods harmful to men and animals, brands in labeling and advertisements,
- Sale of flesh of dead animals (banned), and
- The involvement of people suffering from infectious diseases like tuberculosis leprosy etc. in production and sale of food items.

Policy Instruments:

Attachments of sanitary inspectors to relevant departments of government to inspect the status of implementation of the law so that:

- Any sanitary inspector can collect the samples of any of the listed foodstuffs and send it to the selected testing laboratory for determining the standard of quality, and
- Any citizen can also bring samples of food items to the laboratory of Institute of Public Health and Nutrition to determine the quality of the product.

Punishment:

If the sample is found adulterated the local authority enjoys the power to take following actions:

- For first time violation of the law punishment ranges up to a fine of Tk. one thousand or imprisonment for up to one year or both, and
- For a second time violation the highest length of imprisonment remains the same while the highest limit of fine rises to Taka four thousand only.

4. Trade Mark Act, 1940

Prior to 1940, there was no statutory law relating to trademarks in the British India, and the law, which was applicable to the subject, was based on common law that was substantially the same as that applied in England before the passing of the first Registration Act in 1875. The Trade Marks Act, 1940, (TMA) promulgated in 1940, introduced for the first time for the registration and statutory protection of trademarks in Bangladesh.

Objective:

Trade Mark Act, 1940, has following objectives:

- To enable the customers to identify the particular product of their choice out of many, and
- To prevent duplication as well as cheating the consumers

Punishments for Violation of the Act:

- Two years imprisonment, or
- A penalty, or
- Both.

5. Breast Milk Substitutes Ordinance, 1983

Effective Date: This ordinance came into effect on May 24, 1984.

Objective:

The ordinance has following objectives:

- To encourage breastfeeding, and
- To control marketing of breastmilk substitutes through showing or publishing of highly motivating advertisement of breastmilk substitutes.

Restrictions Imposed:

- Prohibition of attractive & lucrative advertisements, and
- Prohibition of promotional activities of companies, i.e. giving free samples, gifts, discounts, sponsorships to health personnel, etc.

Punishments for Violation of the ordinance:

- Two years imprisonment, or
- A penalty of Taka five thousand, or
- Both.

6. Weights and Measures Ordinance, 1961

Effective Date: Replacing of the act of 1889 and 1939 with a new one which came into force in 1961.

Objective:

The ordinance has following objectives:

- To introduce 40 seers equivalent to 1 maund, and
- 80 Tolas equivalent to 1 seer.

7. Weight and Measures Ordinance, 1982 amendment

Effective Date: This ordinance came into effect on June 24, 1982

Objective:

The ordinance has following objectives:

- To introduce internationally accepted metric system of weights, and
- To introduce internationally accepted metric system of measures.

8. Drug Control Ordinance, 1982

Effective Date: This ordinance came into effect on June 12, 1982.

Objective:

The ordinance has following objectives:

- To restrict marketing of unnecessary and harmful drugs, and
- Stricter quality control of medicines, and
- To encourage local production of medicines and pharmaceuticals.

Punishments for violations of the ordinance:

- A penalty of 1(one) to10 (ten) years rigorous imprisonment, or
- A fine up to the amount of Tk. Two hundred thousand only, or
- Both.

Chapter-II: Market Situation With Reference to Price Index & Inflation

The laws described above were enacted to protect the consumers but are not effective in implementation. Therefore the market situation is far away from the expectation. The most interesting thing is that The Control of Essential Commodities Act, 1956 does not give right to the consumer to sue the producer; it gives right only to the empowered govt. servant. Essential Commodities Price & Bond Ordinance, 1970 is not also properly implemented which result in irregular fluctuation in the essential commodity price. During some occasions like Eid and Ramadan sellers intentionally raise the price of the essential commodities. Still lawlessness is law of our consumer market; generally sales are dependent on individual bargaining. In case of some goods prices are feed with rapid fluctuation. A cursory look at the price index and the annual inflation rate will show that our country has been experiencing unstable price situation since long. Manufacturers of different products also suffer from the irregular fluctuation of wages and prices of the raw materials which some times causing cost-push inflation and ultimately punishing the consumers. The price situation & cost of living of different years are examined bellow:

1. Prices and Cost of Living of 1985/86

The price situation during the first nine months (July-March) of 1985/1986 recorded an improvement compared to the corresponding period of 1984/85. Because of slower expansion of bank credit during the first nine months of 1985/1986 and adequate supply of food grains in the market the general consumer price index for the middle class people at Dhaka (Base: 1969/70 = 100) increased at a slower rate during the first nine months of 1985/86 than in the corresponding period of 1984/1985. The average rate of inflation as measured by the consumer price index for the middle class people at Dhaka was 7.78 percent during the first nine months of 1985/86 compared to 12.84 percent during the same period of 1984/1985. The average general consumer price index for the middle class people at Dhaka (Base: 1969/1970=100) rose to 996.56 during the first nine months of 1985/86 from an average of 924.62 during the corresponding period of 1984/85. The increase in the general consumer price index during the period under review was attributable to the increases in all the groups included in the general index. The average increases in the prices of food group were 7.82 percent, fuel and lighting group 15.68 percent, housing and household requisites group 13.74 percent, clothing and footwear group 3.67 Percent and miscellaneous group 2.42 percent during the first nine months of 1985/1986 compared to the average increases in same period of 1984/85. During this period (during the first nine months of 1984/85) the average increases in food group were 15.12 percent, in fuel and lighting group 16.39 percent, in housing and household requisites group 4.72 percent, in clothing and foot- wear group 12.59 percent and in miscellaneous group 12.19 percent.

Over the year on a point-to-point basis, the general consumer price index for the middle class people at Dhaka (Base: 1969/70=100) rose by 7.96 percent in March 1986 compare to March 1985. The general consumer price- index for the middle class people at Dhaka, on the other hand, increased by 12.87 percent during March 1985 over March 1984.

Wholesale Price Indices of Agricultural and Industrial Products by Groups

The all group average wholesale price index of agricultural and industrial products (Base: 1969/1970=100) in Bangladesh recorded an increase of 2.8 percent during the first nine months of 1985/86 (from July to March) compared to the corresponding period of

1984/85. The total average wholesale price index for agricultural products increased by 1.7 percent during the first nine months of 1985/86 compared to an increase of 21.9 percent during, the corresponding period of 1984/85. This increase in the total index for agricultural products was attributed to the rises in the groups of 'food' by 9.8 percent and 'fuel & lighting' by 31.7 percent. Partly offset by the decline in raw-material group by 10.5 percent during the first nine months of 1985/86 over the same period of 1984/1985 the average wholesale price indices for food group of agricultural origin increased by 12.8 percent, raw -material group by 45.1 percent and fuel and lighting group by 32.4 percent. On the other hand, the total average wholesale price index for industrial products went up by 5.6 percent during the first nine months of 1985/86 compared to an increase of 9.0 percent during the same period of 1984/85.

The average wholesale price indices for food group of industrial origin rose by 7.8 percent, raw-material group by 2.4 percent, fuel and lighting group by 3.4 percent, and manufacturing group by 6.7 percent, during the first nine months of 1985/86 compared to the same period in 1984/85. In food group it was 3.3 percent, in raw-material group 1.6 percent, in fuel and lighting group 6.0 percent.

2. Prices and Cost of Living of the Period 1990-96

Bangladesh achieved major gains in restraining inflation from 8.9% in 1990/91 to the estimated rate of 4% in 1994/95. In fact during the two years, 1990/91-1993/94, the prices rose by only some 1.6% (Table). Annual average inflation during 1990/91-1993/94 had been 4.3% compared to 9.8% during the preceding five years. The rise was mainly due to higher food prices following a severe drought in the North that affected agricultural production. The prices of non - food items decelerated to only 1.9% in March from 12% in 1990/91.

3. Prices and Cost of Living of the Period During 1997/98

Although there has been a tendency of an increase in the annual inflation rate based on the national Consumer Price Index, CPI, (1985/86=100) the same remained well within the manageable limit and still the lowest as compared to our neighbors in the region. In July 1998 the inflation rate in broader terms was 7.4% of which for food items it was 7.36 % and for non-food item it was 6.44 % compared to 2.70%, 2.57% and 3.61% respectively in July 1997.

4. Prices and Cost of Living During 1999 (January - March)

Price of food grain in the country depicted a mixed trend during January-March 1999. The average minimum wholesale price of coarse rice increased by 0.1% per quintal during the quarter under report as compared to the increase of 0.5 % per quintal in the previous quarter and 18.0% per quintal in the corresponding quarter of preceding year. The average general index (base: 1988-89=100) of production of manufacturing items decreased by 10.9% during January - March 1999 as compared to the previous quarter and by 0.1% as compared to the corresponding quarter of the preceding year.

Chapter-III: Market Situation With Reference to the Quality of Foodstuff, Drugs, etc.

Not only the price instability but also the entire market situation points out that the state of implementation of laws is not satisfactory. The immediate negative impact of such situation squarely falls on the poor consumers and the honest producers. The scenario may be illustrated with some examples given below which depict the real picture of our market.

- a) A study of Consumers Association of Bangladesh (CAB) in September 1990 on withdrawal of medicines from market and amazingly found that out of 69 brands of medicines 37 were withdrawn from the market after the expiry dates over and another 25 were withdrawn after remaining in markets for half of the period of ending expiry dates. It draws, obviously the attention to the situation prevailing in relation to quality control and marketing of drugs in Bangladesh.
- b) The Dhaka City Corporation authorities raided different hotels and restaurants during the last one year and detected adulteration in foodstuffs and improper environment of food preparations in a considerable number of hotels and restaurants in the capital city and more than 60 owners were put under penal action. It indicates the presence of non-quality foodstuffs in the market.
- c) It may be relevant to mention a testing report of CAB on Soybean and Mustard oil. The test reports on samples of mustard oil indicated that none of the samples did meet the scientific preconditions. Further, adulteration is common in samples of milk, honey, jelly, jam, sauces squash, etc. In another study conducted in September 1990 it was found that out of 10 brands of soybean oil only 5 and all 5 brands of mustard oil did not bear even standard quality marks.
- d) Another test report indicated an alarming picture of quality control measures: Out of 9 popular ice cream sold in the market only one was found of safe quality for consumption. The total market situation shows the ineffectiveness of all the existing laws.

1. Situation Related to Smuggled Goods

Recently a newspaper report mentioned that investment in illegal and smuggled trade stands at about Taka fifty thousand crore which is well above the legal import of the country in a year. This explains the magnitude and extent of the volume of smuggled goods brought in this country from outside.

Present Situation:

- A large number of consumer goods are smuggled from neighboring countries to Bangladesh. For instance: Sari, Sugar, Cigarettes, Cows, Alcohol, etc.
- They are available in all the shopping centers of the country, especially in northern and northwestern districts of the country which fall on the border belt.
- Markets near to border (Shatkhira, Khulna, Jessore, Rajshahi, and Dinajpur) are full of smuggled goods starting from shaving blades to Cows (Record of National Board of Revenue).
- When goods are in the market it is difficult to distinguish between smuggled and imported goods.

- All consumers, rich or poor, urban or rural, literate or illiterate, prefer foreign to domestic commodities thinking that qualities of foreign goods are better than domestic and this encourages smuggling.

Impact of smuggled goods:

Because of the sheer amount of Taka involved in smuggling mentioned above the Government is losing a sizable amount of tax and duty. Such influx of smuggled goods is also responsible for taking away jobs from the local industries and bankruptcy of them. There are two-fold impacts of smuggled goods in the country as indicated below:

a) Production side

Smuggled goods are cheap because they involve no import duties and some times there happens motivated dumping. So, locally produced goods are widely substituted even by the patriotic people. Smuggling poses open threat to the local industries, e.g., smuggling of sugar and clothes has brought the local sugar and clothes industries to near collapse like situation. It is needless to repeat that the government is deprived of considerable amount of revenues. This also makes government's trade policy less effective.

b) Consumption side

It has been generally observed that smuggled goods from neighboring countries particularly from India are of very low quality; they include foodstuffs, medicine, seeds, etc. which have vital impact on the human health. But unfortunately people are deceived because of the low price of the goods. More over they cannot be brought under the existing consumer protection laws and regulation, therefore, they are causing some real concern for our society.

Finally, the most dangerous and subtle impact of availability of the smuggled goods round the year is that the whole nation has unwarily become accustomed to using and gradually becoming dependent on them.

If we look at the present picture of the country's industrial situation we can see how smuggled goods causing disorder in industrial production. Few examples of some districts of North-Bengal located near Indian border will clarify the situation.

In Bogra some big industries like; Jamaluddin Soap in 1983, Virginia Tobacco in 1985, Bogra cotton Mill in 1991, Durga Rice 7 Flower Mill in 1993 were shut down completely. After the independence 18 Textile Mills were established in Bogra. Unfortunately all of them were shut down in 1990. Out of many factors easy availability of smuggled goods from India may be the most important one which is responsible for this collapse. In an interview president of Bogra Chamber of Commerce said that Bogra was no more an industrial city. Because most of the big industries established before independence in Bogra were closed, mainly due to the smuggled goods from India which are cheaper and more competitive, and, therefore, took over the market. He, however, added that lack of working capital was also responsible for the sickness of the industries (*Prothom Alo, 29 March 2000*). President of Rangpur Chamber of Commerce also echoed the same allegation. In his word, the entire North-Bengal had become the market of smuggled products, and as a consequence, local industries failed to survive (*Prothom Alo, 3 April 2000*).

The factors, which are responsible for the industrial sickness of those areas, may be summarized as:

(1) Lack of gas & power supply, (2) Informal border trade & availability of smuggled goods, and (3) Negligence of the financial institutions for industrialization.

The same is true for Rajshahi, Dinajpur, Shatkhira, Khulna, and Jassore and even for Dhaka.

2. Level of Consumer and their Preference

The consumers can be divided into three groups on the basis of their income, namely:

(a) High income group, (b) Middle income group, and (c) Low income group.

These groups behave differently in the sense that the high-income group people prefer the imported and high quality local goods, mostly luxurious, whereas the middle income group opt for essential goods most of them being locally produced. On the other hand low income group's purchasing capacity is limited and it consumes low quality cheap goods.

The table below represents people belonging to different income groups and their expenditure on different types of commodity. From where consumer's preference towards commodity markets can be examined. The level of the consumers may be divided more specifically further according to their income level:

Table 1: Level of the Income and Consumer Groups

Level	Monthly Earning (in Taka)
• Lower level Consumers	• Bellow 750.
• Net lower level	• Up to 999.
• Lower medium	• Up to 4999.
• Medium	• Up to 6999.
• Upper medium	• Up to 8999.
• Rich (I)	• Up to 12499.
• Rich (II)	• Up to 17499.

Table: Structure of Consumption Expenditure

Monthly household income group (in Taka)	Average monthly consumption expenditure	Percentage of monthly consumption expenditure			
		Food & beverage	Clothing footwear	Housing & house rent	Miscellaneous
Below 750.	845.80	69.81	5.52	7.79	6.16
Up to 999.	1045.95	69.51	5.89	8.71	5.97
Up to 4999.	4339.89	62.95	6.59	8.79	14.19
Up to 6999.	5724.93	56.83	7.05	11.02	17.66
Up to 8999	7509.26	52.18	7.20	11.83	20.84
Up to 12499	9241.91	45.77	6.28	14.67	23.28
Upto174999	13198.78	44.37	6.92	18.08	28.23

Household expenditure survey, 1995-96(BBS-1997 yearly bulletin)

The Table shows that low income groups, ranging from Taka 5000 and below spend most of their income for survival. They spend almost all their income on consumption necessary for survival and thus have no scope for other expenditure. These groups spend more than two-third of their income on food and beverage leaving only one-fifth of their income for clothing, housing and other vital expenditure. This income groups comprise more than 80% of the population whose preference goes only to survival expenditure. This is rather a gloomy scenario for industrial expansion and diversification of the industrial production.

3. Existing Supportive Laws

The present market situation is not only causing sufferings to the consumers but also to the honest producers & distributors. It is rather urgent to review the laws and come up with a timely and appropriate consumer laws to save the situation which is deteriorating fast whereby greater emphasis must be given on the implementation of the laws. Most of the laws need to be reviewed and amended; however, there are a few laws which are supportive still today.

Drug Control Ordinance, 1956 (June 12, 1982)

There was a great dispute on the implementation of this law as it was considered as too draconian. Though appreciated as an excellent step by some others argued that it would have an adverse effect on the industry and as a consequence production and employment might decline. But after the implementation of the law production had increased to Taka, 243 crore from Taka, 173 crore (*Sheikh Shajedur Rahman, National Drug Policy an overview, The Dainik Bangla, 30 July 1986*).

After the enactment of the law violators/lawbreakers were given punishment with the proper vigilance of government. This law can be more effective for the vast population.

1. Weight and Measures Ordinance, 1982 amendment (June 24, 1982)

With appropriate publicity and propaganda government successfully replaced the century old traditional system (Shers & Chataks) by metric system. A few rural areas are exception which needs more effort. Couple of years ago a number of businessmen were punished for the violation of the law (*The Daily Ittefaq, 18 December 1985*). So we can say it is supportive one.

2. Breast Milk Substitutes Ordinance, 1983 (May 12, 1983)

This law came into effect according to the "the International code of Breast milk Substitute" announced by WHO in 1981. With the enactment of the law provocative publicity of child food is more or less stopped. All the producers and sellers mention that there is no substitute for the breast milk in their advertisement as well as on the label of the product.

In few cases this law seems not to be implemented effectively even after 7 years of its enactment as the related rules and regulations still waiting to be gazetted. The violations both in relation to labeling and market promotional activities are conspicuous. The violation of provision of the breast milk substitutes is noticed sometimes in the advertisement displayed on the important mass media like Television showing pictures of smiling mothers & babies for the sale of imported powder milk and baby food. In spite of some exceptions promulgation of this law was a historical step of the government.

4. Existing Non-Supportive Laws

The following laws are not supportive as they are proved to be ineffective:

1. The Control of Essential Commodities Act, 1956 (19 September 1956)
2. Essential Commodities Price & Bond Ordinance, 1970.

Though these laws were enacted with a view to protect the interest of the consumer but they failed to do so (market situation with reference to price index, discussed above, proved that). It is a matter of regret that we are indifferent about the application of such laws and actions for punishment for the lawbreaker is very inadequate & even ludicrous. Nowadays nothing can be purchased without bargaining. Consumer with low bargaining habit often cheated by the sellers. Establishment of fixed & valid price shop is very low. Very few items are available in the market having maximum retail price (mrp) written on the cover. Even if mrp is there consumers are not getting the benefit of that.

The main intentions of the "Essential Commodities price & bond Ordinance of 1970" are to guarantee the correct Price, etc. But these are not followed in reality. Because these laws allow only the competent government officer to institute a case against the culprit for violation of such laws. A common consumer cannot initiate any legal action against a lawbreaker. Traders know it well that the helpless customers are not eligible to institute a case in the court, or take any legal action against them except the authorized government officials; they also know how to manage such officers. So such laws need amendment so that the consumers are enabled to identify the violators of law and allowed to institute case against them.

3. The Pure Food Stuff Ordinance, 1959 (with amendment enacted 1966)

This law was enacted with a view to protect adulteration in liquid & powder milk, edible oil, ghee, etc. But the state of implementation of the law is not encouraging. The following market studies proved the ineffectiveness of the law:

- The Dhaka city corporation authorities raided different hotels and restaurants during the last one year and detected adulteration in foodstuffs and improper environment of food preparations in a considerable number of hotels and restaurants in the capital city and more than 60 owners were put under penal action. It indicates the presence of non-quality foodstuffs in the market.
- Another study conducted by Consumers Association of Bangladesh (CAB) shows very shocking & depressing result: Almost all the samples of edible oil were adulterated (*Consumer voice, CAB, Issue 4, November 1984*).
- It may be relevant to mention a testing report of CAB on Soybean and Mustard oil. The test reports on samples of mustard oil indicated that none of the samples did meet the scientific preconditions.
- Another test report indicated an alarming picture of quality control measures. Out of 9 popular ice cream sold in the market only one was found of safe quality for consumption.
- Further, adulteration is common in samples of milk, honey, jelly, jam, sauces squash, etc. Culprits are making profits using artificial color in them which is causing several related diseases to the consumers of these articles.

Illiterate & unaware consumers are cheated very easily. But the consumers who understand do not bother to sue against them because they do not know about the law. More over, the punishment given for the violation of the law is very much insufficient & unable to stop the violations.

4. Trade Mark Act, 1940

This law was enacted with a view to protect duplication and help the consumer to identify their desired item. But like other laws it failed to achieve its objective because of its low punishments and improper application. The existence of duplicate product shows the ineffectiveness of the law. From a survey, conducted by CAB, it was appeared that only in Dhaka City 84 duplicated consumer goods including medicines are available which proved the ineffectiveness of this law.

The question arises why these laws are ineffective. A study conducted by a teacher of the Department of Marketing in the University of Dhaka in 1985 revealed that among the 500 respondents from different professions only 1.5 per cent knew about the existence of the law.. Besides the unawareness of the consumer, it is very easy for the lawbreaker to influence the corrupted government authority, and the related laws are outdated. The punishments, which were sufficient before forty years, are not now effective.

The major reasons behind the ineffectiveness of the laws could be summarized as follows:

- Lack of Consumer awareness about the law,
- Corruption of the respective authority, and
- Following drawbacks of the laws:
 1. Inadequate punishment,
 2. Failing right of the Consumer to sue the violations of the law, and
 3. Insignificance of the law in the present context.

5. Evaluation of the Market Situation

Traditionally the scenario of urban and rural markets is different in character. Urban market buys raw materials and sells finished goods and rural market buys finished goods and sells raw materials. Again urban market is exploiter and rural market is exploited. Rural population used to sell their goods and raw materials at a low price and buy finished goods from urban market at a high rate.

At present both the market situations are changing. With tremendous improvement in transport and mass-communication the two markets are coming closer and the discrimination is declining. The people in rural market can sell their goods at a higher price and buy urban goods at a lower rate.

This change, which is raising the income even of the marginal and below poverty level income groups of the rural population and in its turn the purchasing power of rural people, has initiated a trend toward healthy economic state of affairs for the country .It also signalizes a rosy dawn for industrial expansion. People in the villages are substituting their choice for better one that is a good new for industrial producers. This changed trend in rural market is supposed to be strengthened and widen the market for industrial goods among the rural population.

Chapter-IV: Recommendations

This is the age of consumerism. The world of business is now focussed to consumers and trying their best to provide the consumers not only with satisfaction they are trying to make them delighted. This is possible only when there is free and fair competition. In a highly competitive market consumers are the ultimate gainers profiting from a seamless price reduction and quality improvement.

The right of the consumers is a recognized entity in most of the advanced countries of the world. However, we are yet to have a comprehensive consumer act and a congenial business environment for a healthy relationship between business and consumers.

The above review of the situation as obtained in the country in respect of business and industry which produce consumer goods and services the following recommendations may be made:

SHORT RUN

1. Government should set up a national vision on consumer rights and protection of their interests in consultation with the key stake holders, namely different professional bodies, business groups, common people to have a wider and aggregative view on it.
2. Government should provide political commitment to national vision on consumer right and ensure administrative commitment to the same.
3. A comprehensive consumer protection act should be immediately enacted by the government which should respect the consumers rights and put an end to restrictive trade practices reflecting the views of the representatives of the consumers and business.
4. A strong measure to be taken by the government to stop smuggling to protect the local industries and the consumers by adequate surveillance and vigilance at the border and spot checking of the smuggled items in the market and take quick punitive measures against the violators.
5. Set up a task force to review the acts related to consumers with a plan to update those to make them useful and effective to serve and protect the consumers.
6. A fair price monitoring cell should be established under the auspices of the chambers of commerce to regulate and monitor unfair business practices and take appropriate preventive measures to restore and raise the consumer faith in business.
7. Business should empower consumers to enforce their own quality control gradually.
8. Providing CAAB and other consumer associations support for carrying out their activities
9. A rational tax and excise duty to protect the local industries and to discourage smuggling.

MEDIUM RUN

1. Government should review the old and outdated consumer oriented laws like, The control of essential commodities act, 1956, Essential commodities price and bond ordinance 1970, The pure food stuff ordinance, 1959, trade mark act 1940, Weight and measures ordinance, 1961 and update those in respect of policy instruments and punishment clauses
2. A congenial business environment should be built by ensuring free and fair competitive market for all goods and services and ending the monopoly of the State Owned Enterprises (SOE)
3. To foster consumer education through relevant government agencies

LONG RUN

1. To enact laws restricting monopoly both in public and private sector and in the utility sector as well.
2. To introduce a separate cell under the ministry of commerce to monitor and constantly keep vigilance on price of essential commodities and violation of consumer rights and privileges