

# Consumer Welfare Fund Guidelines 2019

February 3, 2021

## In news

Colgate Palmolive India, has been penalised Rs 65,000, some of it will be deposited in Consumer Welfare Fund

## About the Consumer Welfare Fund

- Under the Central Goods and Services Tax (CGST) Act, 2017, Government has set up the Consumer Welfare Fund (CWF) to promote and protect the welfare of the consumers.
- The Fund has been set up by the Department of Revenue and is being operated by the Ministry of Consumer Affairs, Food & Public Distribution, Department of Consumer Affairs.
- Earlier, the Central Excise and Salt Act, 1944 (I of 1944) was amended in 1991 to enable the Central Government to create the Consumer Welfare Fund (CWF) where the money that is not refundable to the manufacturers etc. shall be credited.
- The money credited to the Fund is to be utilized by the Central Govt. (Department of Consumer Affairs) for the welfare of the consumers in accordance with the Rules framed.
- Under Rule 97 (4) of the Central Goods and Services Tax (CGST) Rules, 2017, a Standing Committee headed by the Secretary, Department of Consumer Affairs has been constituted to make recommendations for proper utilization of the money credited to the Consumer Welfare Fund for the welfare of consumers.
- Under Rule 97 (6)(l) of CGST Rules, 2017 the Standing Committee has power to make guidelines for the

management and administration of the Consumer Welfare Fund

**Ministry:** Department of Consumer Affairs, Ministry of Consumer Affairs, Food & Public Distribution

## **Objective of Consumer Welfare Fund**

To provide financial assistance to promote and protect the welfare of the consumers and strengthen the consumer movement in the country.

## **Consumer Welfare Fund(CWF) Guidelines, 2019**

- The Consumer Welfare Fund Rules were framed and notified in the Gazette of India in 1992, which have been incorporated in Consumer Welfare Fund Rule 97 of the CGST Rules, 2017.
- It has worked successfully under the extant Consumer Welfare Fund(CWF) Guidelines, 2019 and achieved the objective for which it has been set up.
- The Government has not revised these guidelines.
- Except during Covid-19 period, during which restrictions were imposed on movements, gatherings of persons and different kinds of other activities, agencies/organizations who were provided financial assistance from CWF have carried out the activities for which they were given the funds.

## **Other initiatives of Government to promote and protect the welfare of the consumers**

The Government has taken following other steps to promote and protect the welfare of the consumers by creating awareness and strengthening consumer movements in the country:

- A Pan-India consumer awareness campaign “JagoGrahakJago” through print, electronic, outdoor and social media through various agencies/ organizations/ Ministries like All India Radio, Doordarshan, National Film Development

Corporation, Bureau of Outreach & Communication, Department of Posts, etc.

- Participation in various fairs/festivals/events to generate awareness among the consumers living in rural and backward areas of the country.
- Providing grant-in-aid to States/UTs to generate awareness in regional languages.
- Dissemination of consumer awareness messages through social media.
- Celebration of World Consumer Rights Day/National Consumer Day.
- Bureau of Indian Standard (BIS) Mobile Care App.
- The Consumer Protection Act, 2019 (CP Act 2019) has been implemented w.e.f. 20th July, 2020.
- Government has set up a National Consumer Helpline (NCH) with toll free number 1800-11-4000 or short code 14404 to handle the consumer grievances.

## **Policy governing the disbursement of grants under CWF**

Following are the directions given by the new guideline to use CWF:

- Consumer awareness projects having wider coverage and adopting best international practices seem to have a more visible and lasting impact.
- Hence projects with national, multi-state and pan-Indian coverage with innovative ideas will receive priority for funding from CWF.
- Also, in a country like India there is a huge disparity between rural and urban consumers. Hence the focus of the Government will be more on rural and disadvantaged consumers and schemes to protect them.
- In order to promote consumer movement throughout the country, funds may also be given from the CWF to the States/UTs to create Consumer Welfare (Corpus) Fund to provide coverage to projects for consumer welfare

activities of local relevance.

- Consumer Welfare (Corpus) Fund will have a Central and State/UT share in prescribed proportions
- As per the guidelines, Funds may be given as seed money as one time grant on a 75:25 basis (90:10 in the case of Special Category States/ UTs).
- The State/UT Government to become eligible to receive the one-time grant should deposit their share in a non-plan, non-lapsable public account.
- State/UT Government may draw up their own guidelines for administering the Consumer Welfare (Corpus) Fund, which should not be inconsistent with the Central guidelines

### **The Consumer Protection Act, 2019 (CP Act 2019)**

It has been implemented w.e.f. 20th July, 2020.

The new Act covers e-commerce transactions, it allows electronic filing of complaints, hearing and/or examining parties through video-conferencing for procedural ease and reduces inconvenience, introduced the concept of product liability bringing within its scope, the product manufacturer, product service provider and product seller for any claim for compensation, imposition of penalty on the manufacturer/endorser for a false or misleading advertisement and prohibiting them from endorsing a particular product or service, for mediation as an 'Alternate Dispute Resolution Mechanism' for making the process of dispute adjudication simpler & quicker and reduce pressure on Consumer Commissions.

Under the CP Act, 2019, the Central Consumer Protection Authority has been set up as an executive agency w.e.f. 24.07.2020.