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STATE CONSUMER HELPLINE KNOWLEDGE RESOURCE MANAGEMENT  
PORTAL (SCHKRMP)

CENTRE FOR CONSUMER STUDIES, IIPA, NEW DELHI



# Consumer Bulletin



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## Get your pre-2005 notes exchanged at any bank: RBI

[Hindustan Times: 17<sup>th</sup> March 2014 - Page NO. 15]

**NEW DELHI:** You can walk into any bank to get your pre-2005 currency notes, including 500 and 1,000 denominations, exchanged till January 1, 2015, following a Reserve Bank of India (RBI) directive asking banks to help the public get rid of old currency notes.

There is no limit on the number of notes that can be exchanged.

The RBI has decided to withdraw the pre-2005 currency notes from circulation and asked the holders of such currency to exchange them by January 1, 2015.

The earlier deadline was June 30.

Thereafter, people would have had to produce identity proof to exchange more than 10 notes of ` 500 and ` 1,000.

In the recently released FAQs, the RBI said: ***"Banks have been advised to freely provide this exchange facility to all members of public, whether customer or non-customer."***

Meanwhile, banks have been advised to stop re-issue of the pre-2005 series notes over the counters/through ATMs. The banks have been asked to forward the pre-2005 notes to the central bank.

## Govt lifts ban on Painkiller Analgin sale

[The Pioneer: 20<sup>th</sup> March 2014 - Page NO. 5]

**NEW DELHI:** *Analgin, the popular pain-relief drug, which is banned in countries like the US, Australia, Japan and Canada, is again back on the chemist shelf after its sale was suspended in India by the Government in June last year.*

The medicine sale was suspended following criticism from a Parliamentary Standing Committee, which had observed that its usage for human use was likely to involve risk to human beings and safer alternatives to it are available in the market.

However, the ten-month-old suspension has now been revoked after the Drug Technical Advisory Board, the highest decision-making body on the technical

matters in the Ministry gave it a green signal.

The DTAB members said that **since the duration of Analgin treatment was only a few days and, therefore, its usage might be continued according to the approved indication. As per recent notification issued**

**by the Health Ministry, the medicine can be sold with a specific warning indication.**

The DTAB has recommended the sale of the drug only for

severe pain, pain due to tumors and also for bringing down temperature in refractory cases when other antipyretics fail to do so, a warning to be mentioned by the manufacturers on the package insert and promotional literature of the drug.



This is not the first time that the Ministry has revoked its suspension order on sale of a drug. Last year, the Ministry had banned Analgin in India, along with two other drugs - anti-diabetic pioglitazone and anti-depressant deanxit following criticism from a parliamentary panel.

However, within less than two months, it revoked the ban on pioglitazone, in the absence of substantial scientific evidence showing the adverse effect of the drug on Indian patients. The Government allowed companies to resume the sale of the anti-diabetes drug, with a box warning.

## Passport details can't be disclosed to third party

[The Hindu: 9<sup>th</sup> March 2014 - Page NO. 5]

*High Court says information can be misused. Passport number is not only personal information but also an identification proof, specifically when one travels abroad.*

Passport information, just like the Permanent Account Number of an individual, is personal information and cannot be disclosed to a third party under the Right to Information (RTI) Act, the Delhi High Court has held while deciding a bunch of petitions moved by the Ministry of External Affairs (MEA).

*"This Court is also of the view that if the passport number of a third party is furnished to an applicant, it can be misused. For instance, if the applicant were to lodge a report with the police that a passport bearing a particular number is lost, the Passport Authority would automatically revoke the same without knowledge and to the prejudice of the third party,"* a Bench of Justice Manmohan said.

*"After all, passport number is not only personal information but also an identification proof, specifically when one travels abroad,"* the Bench added.

The MEA, through counsel P. Roy Choudhary, had moved the High Court challenging the order of the Central Information Commission (CIC) directing it to provide copies of passports of third parties along with their birth certificates, educational qualifications and identity

proofs to certain applicants under the RTI Act.

The CIC had held that the information is not personal and that citizen's right to information is to be given primacy over their right to privacy.

Initially, the petitioners, who had either sought passport information of their estranged spouse or any other third party, were denied information by the passport office. In appeal, the Chief Passport Officer also refused to part with the information so sought. The petitioners then moved the CIC, which directed the information be shared.

The CIC in its order had said: "Given our dismal record of mis-governance and rampant corruption which colludes to deny citizens their essential rights and dignity, it is in the fitness of things that the citizen's right to information is given greater primacy with regard to privacy."

Justice Manmohan, however, held that the CIC neither examined the issue of larger public interest nor considered Section 11 of the RTI Act, which mandates that views of third party whose information has been sought needs to be invited and considered in such cases before deciding whether to disclose the information or not.

The Bench **said even if the CIC concluded that passport information was not exempt from disclosure under the RTI Act, it would still have to follow the third party information system under the RTI Act.**



# Sebi notifies norm to make KYC process easier for investors

[The Financial Express: 20<sup>th</sup> March 2014 - Page NO. 20]

Making know-your-client process easier for investors, Sebi has notified a net set of norms that *allow various market entities such as brokers and MFs to get details from centralized KYC agencies, rather than carrying out a fresh KYC verification procedure.*

An option available to a market intermediary is that it may access the centralized KRA (KYC Registration Agency) system in case of a client, who is already KYC compliant.

*"When the client approaches another intermediary subsequently, the intermediary shall verify and download the client's details from the system of KRA,"* the Securities and Exchange Board of India (Sebi) said in a notification dated March 13.

This norm is subject to the *"receipt of information on change in KYC details and status of the clients by the intermediary or when it comes to the knowledge of the intermediary, at any stage, the intermediary shall be responsible for*

*uploading the updated information on the system of KRA and retaining the physical documents."*

KRA are institutions which maintain KYC details of investors. Wholly-owned subsidiaries of stock exchanges and depositories are eligible able to act as KRA.

Last month, Sebi's board had cleared the proposal of allowing various market entities to get investor details from centralized KYC agencies instead of carrying out a fresh KYC verification procedure.

In December, last year, Sebi had simplified investor account opening form by doing away with details about income and occupation of the applicant for the purpose of centralized KYC registration agency.

Sebi had said that certain information about applicants like gross annual income details, occupation, permanent address proof and whether the applicant is a politically exposed person are not required for the centralized KRAs.

## Has Right to Information come to your rescue?

[Business Standard: 31<sup>st</sup> March 2014 - Page NO. 8]

You can use the Act to get hold of vital facts on financial institutions before entrusting them with your money

The Right to Information (RTI) Act was implemented in India nine years ago. The Bill was introduced in 2004's winter session of Parliament and passed in June 2005.

RTI remains a potent legal weapon to fight opacity in public offices and politicians continue to fear it. In the last winter session, a Parliamentary standing committee, while supporting passage of an amendment in the Act,

concluded political parties should be kept

out of the ambit. The RTI (Amendment) Bill, 2013, seeks to insert an explanation in Section 2, which states any association or body of individuals registered or recognized as a political party under the Representation of the People Act, 1951, will not be considered a public authority.

While many people have successfully used RTI to get information on their applications for ration cards or passports, there are mixed views on what extent RTI can benefit a layman.

Individuals face many issues with money matters. How can investors make the best use

of RTI? says Pune-based RTI activist



**The fee for an RTI application to a central government authority is Rs. 10, to be paid through demand draft or cheque or by post .**

Vivek Velankar: *"On the investment side, there are many private sector companies. Unfortunately, they do not fall under the purview of RTI directly. Only public sector companies come under it."* Private companies can be tracked under RTI through the regulators like Reserve Bank of India (RBI), Securities and Exchange Board of India (Sebi), and Insurance Regulatory and Development Authority of India (Irda).

Regulators can provide only the information a company is bound to furnish. At the same time, not all this information can be shared with you. The Act, under Sections 8 and 9, exempts certain categories of information from disclosures.

*The fee for an RTI application to a central government authority is Rs 10, to be paid through demand draft or cheque or by post. The charge for providing the information is Rs 2 for each page created/copied, actual charge of a larger size paper copy, actual cost for samples and, for inspection of records, no fee for the first hour, Rs 5 for each 15 minutes, thereafter. To provide information under Section 7(5) of the Act, it will charge Rs 50 per diskette or floppy. For information provided in printed form at the price fixed for such publication or Rs 2 per page of photocopy for extracts from the publication. If a financial institution or a regulator can provide the required information, it will do so within 30 days of receiving the application.*

#### **Here's how you can use RTI with various financial institutions:**

**EPF:** There have been many instances of employers not depositing the contributions towards Employee Provident Fund (EPF) deducted from an employee's salary. Employees can file an RTI application with the Employee Provident Fund Organization (EPFO) to check. An EPF account balance can be checked online.

Those who have transferred EPF balances

know the pain of doing so. It is hard to track the balance transfers. RTI can help in checking the status. Even withdrawals from an EPF account can be tracked through RTI.

**Real Estate:** RTI activist Bhaskar Prabhu of Mumbai's Mahiti Adhikar Manch says individuals looking to buy a house in a realty project can use RTI. Eighty per cent of Mumbai flats do not have an Occupation Certificate (OC), without which you cannot enter a flat. "Individuals can ask for the Information of Disapproval (IoD), under which one can know the requisites the builder needs for the project, which of the documents he has, which ones are yet to be furnished, if the permission from local authority is in place, if the project is in the builder's name or not, if the land title is clear or not, floor planning of the construction, fire safety planning and so on," he says.

Here, *you will need to check with the local authority under which the project falls - municipal corporation, collector, gram panchayat. Accordingly, the RTI application should be addressed,* says Prabhu.

**Banks:** Sometimes, bank staff can be non-cooperative. If you feel so, RTI can help you secure information about customer service norms, its service and the terms and conditions.

Second, banks might allow you to open an account or locker only if you make a deposit or buy a insurance policy. You can question banks on such unjust rules. Or, when you think a bank has gone against its own terms and conditions. Assume you are shopping for the cheapest home loan and a bank is not helping with the required information. You can find the interest rates, prepayment norms and other documentation issues through RTI. However, this is only applicable to nationalized banks directly. For private sector banks, go through RBI.

**Insurance:** There are only five public sector insurance companies - Life

Insurance Corporation of India (LIC), New India Assurance, United India Insurance, Oriental India Insurance and National Insurance. These can be approached directly; the private insurers will have to be approached through Irda.

*"There isn't exact transparency on where traditional insurance plans invest. Policyholders can question LIC on that,"* says Velankar. You can also check on the charges of investing in traditional and unit-linked plans. Claim status can also be checked, if delayed.

Most banks are listed and declare financial details. So do even the unlisted insurance companies, through their bank promoters.

You can ask for more financial details from these institutions, if required.

**Income Tax:** According to experts, if all the information provided while filing the return was correct, and the refund hasn't come, one can check the status with an RTI application. Only an assessee can make an application for knowing the status of his/her tax income tax refund.

Experts suggest this route if you have not received your refund for at least a year. RTI is an interim step before you knock at the Ombudsman's door.

## Most Indians unaware of consumer rights: Study

[Deccan Herald: 18<sup>th</sup> March 2014 - Page NO. 7]

**NEW DELHI:** Majority of Indians remain ignorant, complacent and ill-informed about their consumer rights, a survey by industry body Ascham has found.



*"Growing market for counterfeit products and imported goods from China largely driven by web-shopping portals are promoting trust deficit among consumers,"* noted the survey, whose results the Ascham shared to mark world consumer's day on March 15.

*"Promotion of products and services through misleading advertisements in various media together with lack of transparency, complex terms and conditions, non-disclosure of hidden charges/fees, penalties and others are certain key concerns of modern Indian consumers,"* the survey said further.

About 4,000 people were surveyed for the purpose at 15 centers – Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Delhi, Hyderabad, Kanpur, Kolkata, Kochi, Lucknow, Mumbai, Nagpur, Pune and Thiruvananthapuram during January-February 2014.

Thirty percent of the respondents said they were aware of consumer rights. However, a majority of these admitted to have pursued their rights as consumers only after they were mistreated, duped or cheated.

*"India Inc. is taking significant steps in this direction. Companies today are serious about informing, educating and communicating with their target consumers, in a bid to enhance their knowledge and awareness about products, services offered by the company and also seeking consumers' feedback, complaints and suggestions, thereby nurturing a positive culture of consumer consciousness and behavior,"* the survey said.

*"Social media channels like Twitter, Facebook, YouTube, blogs, newsfeeds and others are certain significant innovative ways that companies in various domains are using to connect with the consumers of all age groups,"* it said.



Government's efforts to spread awareness among people through programmes like 'Jago Grahak Jago' may have left 30 per cent of urban Indians aware of their rights,

but that seems inadequate, going by the survey's findings.

## Banks must protect systems, ATMs with Windows XP: RBI

[Business Standard: 20<sup>th</sup> March 2014 - Page NO. 10]

RBI said some of the systems, including ATMs, may still be working on Windows XP, banks are advised to take immediate steps.

The Reserve Bank of India (RBI) said *banks must take steps to protect systems and ATMs working on Windows XP from attacks as Microsoft will stop giving updates and solutions for bugs in the operating system.*

*"It is learnt that Microsoft will stop issuing updates and patches for bugs in its Windows XP operating system (released in 2001) from April 8,"* RBI said in a statement.

*The probability of attacks on such a system may increase and it may be difficult to defend such attacks in the absence of Microsoft support,* RBI added.

The central bank said as some of the systems, including ATMs, may still be working on Windows XP, banks are advised to take immediate steps to implement appropriate systems and controls in this regard.

In February, the Indian Banks' Association (IBA), the banking industry lobby group, had issued an advisory banks to ensure business continuity after Microsoft ends support for its popular Windows XP operating system on April 8.

IBA executive said banks are alert to risks. Few systems are working on Windows XP and they have begun work to safeguard system. The association will review the preparations soon.

## Patented drugs less affordable in India, but cheaper, says study

[Economic Times: 17<sup>th</sup> March 2014 - Page NO. 11]

**NEW DELHI:** Patented drugs are much less affordable in India than China, Mexico, Brazil, Indonesia and South Africa despite selling at 46 per cent of the prices prevailing in developing countries on an average partially because of poor health insurance coverage and the government picking up less of the tab, according to a study for the Planning Commission by IMS Health, a pharmaceutical market research firm.

More than 78 per cent of the total expenditure on health-care that Indians incur is out of pocket while in most other countries a share of this cost is either borne by the government or covered by

insurers. However, when it comes to generic drugs, Indians are better off than the Chinese, Mexicans and South Africans as



these are available at 14-17 per cent of the price at which they are marketed in other developing countries.

To be sure, patented drugs account for only about 0.9 per cent of the Rs 72,000 crore Indian drug market, IMS Health estimates. If direct-to-patient and other special programs through which such drugs are delivered are included, the share could inch up to 2 per cent at best. But, as experts said, the share is low partly because they remain unaffordable for a large part of the population.

The IMS Health study, conducted as part of a mandate to propose options for a public-funded health scheme for India, said *the government should reimburse the cost of essential drugs to the poor and elderly besides people in rural and remote locations to begin with. It can opt for co-pay models in select therapies, particularly chronic diseases, with both government and patients contributing, depending on the resources at hand.*

*"Focusing on special population groups, which are most vulnerable, can help us learn lessons on the way which can prove*

*to be valuable as we expand it,"* said an official familiar with the matter.

In 2012, the government planned to distribute free generic drugs to all through

public hospitals in an ambitious programme that was to be implemented by the health ministry in phases during the 2012-2017 Five-year Plan period with a yearly cost of Rs 6,000 crore. This was watered down later, citing lack of resources and infrastructure.

To fix the prices of patented drugs under a reimbursement scheme, IMS

proposes a mix of three models, ranging from benchmarking with comparable existing therapies and market prices prevailing in other countries to measuring the value it would bring to patients. The IMS report cautions against using a fixed model for patented drug pricing.

*For generic drugs, IMS recommends competitive bidding or benchmarking with prices of comparable therapies and in other countries, depending on whether the drug has few or many alternatives. This can be supplemented with practices such as generic drug prescription by doctors and generic substitution at pharmacies,* it said.

**The Best Medicine**  
WAYS TO MAKE DRUGS AFFORDABLE: Procurement and distribution through public health system

A Planning Commission authorised study by IMS Health moots reimbursement of essential drugs to poor, elderly, people in rural and remote parts

**Procurement of Patented Drugs: A Mix of Three Models**

**Model 1** **Reference pricing:** Benchmark to cost of existing comparable drugs or market prices in other countries

**Model 2** **Shared risk approach:** Drugmakers share risk with government and insurer

- Offer deep discounts on incremental drug units after government assures to procure a definite volume
- Variants of model practiced in Canada, Australia, South Korea, France

**Model 3** **Value-based approach to be measured by health technology assessment**

- set a price based on 'value' drug brings to patients to be measured by a dedicated cell of health economists
- for instance, value could be how a new drug is improving survival rates or productivity in comparison to existing therapies
- UK has a similar model

**Procurement of Generic Drugs:**

- For those with many alternatives:** Competitive bidding
- For those with few alternatives:** Competition & benchmarking with comparable drugs & prices in other countries
- Supplement with:** Prescribing of doctors, Substitution at pharmacies

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