



KAMARAJ IAS ACADEMY
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Consumer Welfare Fund

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Why is in news? Consumer Welfare Fund to pay fee of the Mediator in Consumer Complaints

The **Consumer Welfare Fund Guidelines** have been amended and now Section IV Purpose (m) of the updated guidelines includes **reimbursement of legal expenses** incurred by a complainant, or class of complainants in a consumer dispute, after its final adjudication.

The amount of dispute, or the fee of the mediator as set by the President of the Commission, or the fees shall be paid to the mediator, from the interest accrued on the Consumer Welfare (Corpus) Fund, established with co-contribution from the State and the Department of Consumer Affairs.

The **Consumer Protection Act, 2019** for the speedy, hassle-free, and, inexpensive redressal of consumer complaints has provided the provision of settlement of consumer disputes through Mediation.

With regard to it the Department have notified **Consumer Protection (Mediation) Rules, 2020** on 15th July 2020 and the Consumer Protection (Mediation) Regulations 2020 were notified by the National Consumer Dispute Redressal Commission on 24th July 2020.

Most of the Consumer Commissions have **set up Mediation Cells** and have also empanelled mediators.

Currently, there are **247 mediators** empanelled in the State Commissions and 1387 in the District Consumer Commissions all over India.

The Department observed that a substantial number of cases are not resolved through mediation.

The department held deliberations on this issue during the Regional Workshops held in the North-Eastern States and the Northern States, and also held various stakeholder consultations with Voluntary Consumer Organizations and Alternate Dispute Redressal Agencies working in India.

Among the several issues, the **main issue resulting in non-satisfactory results in the redressal of cases through mediation is the fee of the mediator.**

The parties in the disputes are observed to be reluctant in paying the fees of the mediator which results in unsuccessful conduct of the mediation process.

To resolve this issue department furnishes suggestions and comments from all the State Consumer Commissions.

On the basis of the Deliberations held, and suggestions and comments furnished have decided to pay the fees of the empanelled mediator from the corpus of the Consumer Welfare Fund.

About the fund:

It was set up **under the Central Goods and Services Tax (CGST) Act, 2017.**

The **consumer welfare fund rules of 1992** have been **subsumed under the CGST rules, 2017.**

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The Fund has been **set up by the Department of Revenue** (Ministry of Finance) and is being **operated by the Department of Consumer Affairs** (Ministry of Consumer Affairs, Food & Public Distribution).

Its objective is to **promote and protect the welfare of the consumers** and **create consumer awareness** and strengthen consumer movement in the country.

Financial assistance is provided to Voluntary Consumer Organisations / Institutions for undertaking consumer advocacy / awareness and to State Government / Union Territories for setting up State Consumer Welfare Fund.

Few Examples:

Creation of Consumer Law Chairs/ Centres of Excellence in Institutions/Universities of repute to foster research and training on consumer related issues.

Projects for spreading consumer literacy and awareness.