

# POLICY BRIEF

## Consumer Protection in Pakistan

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## Executive Summary

Consumer protection in Pakistan has long grappled with systemic challenges stemming from fragmented legislation, weak enforcement mechanisms, and evolving market dynamics. Despite the enactment of provincial consumer protection laws post-18th Amendment, enforcement remains patchy, leaving significant gaps in safeguarding consumer rights. Historical reliance on colonial-era statutes like the Sale of Goods Act (1930) provided a rudimentary framework, but modern issues such as e-commerce, misleading advertising, and monopolistic practices demand more robust interventions.

The provincial consumer courts and councils established under these laws suffer from resource constraints and delayed operationalization, limiting their effectiveness. Federal mechanisms like the Competition Commission of Pakistan and other statutory bodies provide additional oversight but often operate in silos, lacking the integration necessary to address consumer grievances comprehensively. The rise of digital commerce has further complicated consumer protection, with inadequate regulation of online transactions and limited mechanisms for addressing cyber fraud and data privacy concerns.

Challenges also persist in rural areas, where low literacy and lack of awareness exacerbate consumer vulnerability. Efforts to promote cooperative models and competition policy have remained underdeveloped, perpetuating exploitative practices by dominant market players. Civil society organizations that once championed consumer advocacy have diminished due to waning donor support, further weakening the consumer protection movement.

This policy brief underscores the urgency of introducing a unified national framework to standardize provincial laws while respecting constitutional mandates. Enhanced regulatory mechanisms, targeted awareness campaigns, and reinvigorated civil society engagement are vital for protecting consumer interests in an increasingly complex marketplace.

## Introduction

Consumer protection is vital for any society, as it safeguards citizens against exploitation. Dishonest practices such as defective products and faulty services flourish in unchecked markets, threatening societal health and security. Protecting consumer rights is a fundamental duty of all governments. A civilized society recognizes the significance of consumer protection, with consumers being the largest stakeholders, capable of influencing brands and market trends. Despite existing provincial legislation, consumer protection remains a major challenge in Pakistan. This brief explores the evolution, context and challenges of consumer protection laws and movement in the country.

## Pre-Modern Legal Landscape for Consumer Protection

General laws cannot adequately protect consumers as a vulnerable party, as they presume equality in power and information that does not exist in reality. Consumers, particularly in developing countries like Pakistan, face risks such as counterfeit goods, misinformation, and limited choices, compounded by illiteracy and a lack of awareness about their legal rights. The doctrine of caveat emptor (let the buyer beware) places the burden on consumers, favoring resourceful manufacturers and producers who often exploit their dominance through manipulative tactics and pressure groups. Governments, acting as both providers and regulators, often face conflicts of interest that further weaken consumer protections. With the changing dynamics of markets dealing in consumer goods and services, the need for a robust protection regime was felt worldwide, giving rise to a new legal discourse starting in the 1960s.

Pakistan inherited a primitive legal regime for consumer interests from its colonial rulers, which primarily revolved around the standardization of weights and measures, price control, and rationing control. This system operated within a hybrid model of a controlled economy and a free market during the first four decades of the country's existence. The British colonial administration had introduced legislation such as the Indian Contract Act of 1872, the Sale of Goods Act of 1930, the Indian Penal Code of 1860, the Drugs and Cosmetics Act of 1940, the Usurious Loans Act of 1918, and the Agriculture Produce (Grading and Marketing) Act of 1937. These laws offered basic legal protections for consumers. Notably, the Sale of Goods Act of 1930 aligned more closely with modern consumer protection laws, as it provided buyers with remedies against defective goods. It also introduced exceptions to the principle of caveat emptor and safeguarded buyers' interests through phrases like "skill and judgment of the seller," "reliance on the seller's skill," and the test of "merchantable quality" (Dr. Rajendra Prasad, A Historical Evolution of Consumer Protection in India)<sup>1</sup>.

Since the colonial administration relied heavily on the district as the administrative unit for governance and law enforcement, Pakistan retained this approach, making the district administration a central point for consumer governance across provinces.

## Modern Provincial Statutes

After World War II, western economies began rebuilding by adopting various economic models of recovery and growth. However, major economies demonstrated a clear preference for the free flow of capital and industrial production as key mechanisms for recovery. The United States, which adhered

most rigorously to the free-market model, was among the first to recognize the need to protect consumer interests in a liberal market with minimal government control. President John F. Kennedy is regarded as the first leader to address consumer interests in an increasingly liberalized market. In his address to Congress on March 15, 1962, he stated, “Consumers, by definition, include us all. They are the largest economic group in the economy, affecting and affected by almost every public and private economic decision.” His speech emphasized the importance of protecting consumer interests by introducing certain consumer rights. It also sparked deliberations and subsequent legislation aimed at safeguarding consumers. To honor Kennedy’s address, March 15 is now celebrated as World Consumer Rights Day<sup>2</sup>.

Many countries began introducing legislation to protect the interests of consumers, who faced significant challenges in balancing their position against the vast influence of corporations on both economies and politics. On April 16, 1985, the United Nations (UN) issued guidelines for consumer protection to promote global consumer rights. These guidelines serve as principles for member states, aiding them in formulating and enacting domestic and regional consumer protection laws. Member states are free to tailor their laws according to their economic, social, and environmental contexts. As a UN member state, Pakistan was obligated to legislate on consumer protection.

Despite introducing several central laws prior to the 18th Amendment to the Constitution of 1973 in 2010, Pakistan's federal government surprisingly did not utilize the Concurrent List — a constitutional provision allowing both federal and provincial governments to legislate on the same subject — to establish a comprehensive consumer protection framework. The only exception was legislation related to life-saving drugs and the pharmaceutical industry. Consequently, apart from the Drug Control Authority (DCA)<sup>3</sup>, Pakistan failed to establish a centralized authority or a federal mechanism for consumer protection, leaving the subject to provincial legislatures. Many experts argue that consumer protection, in its global essence, is inherently a central subject. They often cite examples of federations like the United States and India, which have central authorities and national consumer protection laws. However, Pakistan chose not to follow this approach (Rao Qasim Idrees et al., Pakistan’s Current Legal Regime of Consumer Protection)<sup>4</sup>.

Although the federal government remained indifferent to a centralized consumer protection regime, Pakistan fulfilled its obligations under the UN guidelines through provincial legislation. The first-ever consumer protection law in Pakistan was the Islamabad Consumer Protection Act, 1995, which applied to the federal capital. Subsequently, the provinces began to legislate on the matter. Khyber Pakhtunkhwa (formerly the North-West Frontier Province) was the first province to enact consumer protection legislation in 1997. Balochistan followed in 2003, and Punjab enacted its consumer protection law in 2005, all before the 18th Amendment. Sindh introduced a consumer protection ordinance in 2004, but it lapsed as it was not presented in the provincial assembly. Sindh did not legislate on consumer protection for another eleven years, eventually passing its law in 2015, five years after the 18th Amendment.

Competition or anti-monopoly laws are a critical component of consumer protection legislation. Pakistan did not have any competition law until 1970. Initially, the country relied on a weak Monopoly Control Authority, which was replaced by the relatively empowered Competition Commission of Pakistan in 2010. Some relatively lesser known and lesser used federal as well as provincial statutes dealing with quality control, food standards and accreditation are also in vogue.



## Statutory Structures and Half-hearted Enforcement

All the provincial statutes introduced consumer courts as well as consumer protection councils at the district level. Institutional infrastructure such as courts and councils is critical for consumer protection. Consumer courts, equipped with summary trial provisions, can resolve matters within a short period, while councils provide an additional legal mechanism for district administrations to go beyond standard tasks such as the standardization of weights and measures, price control, and rationing enforcement. These councils also address consumer complaints through a redressal mechanism. However, every province took years to frame rules and devise functional policies. Currently, Sindh has 28 consumer courts, Punjab has 17, and KP has four. Balochistan has yet to establish any consumer courts or develop an enforcement mechanism. As a result, roughly half of Pakistan's geographic area lacks any structure for consumer protection.

Apart from consumer courts and consumer councils established in districts under provincial laws, other protection mechanisms are available for consumers. Some federal and provincial laws dealing with food standards, quality control, and accreditation also fall under the purview of consumer protection. The following table provides a list of statutes as well as statutory mechanisms or structures available in this domain.

Sr. No.	Statute/Mechanism	Scope	Nature of Protection
1	District Consumer Courts	Provincial under provincial laws on Consumer Protection	Redress through formal complaint mechanism
2	District Consumer Councils	-do-	Proactive protection
3	Provincial Food Authorities	Established under Pure Food Ordinance 1960	Proactive and complaint-based protection but no individual redress
4	Islamabad Food Authority	Established under The Islamabad Capital Territory Food Safety Act, 2021	Proactive and complaint-based protection but no individual redress
5	Food Control Authorities in Cantonments	Established under The Cantonment Pure Food Act, 1966	Proactive and complaint-based protection but no individual redress
6	District Price Control Committees	Established under provincial price control laws	Proactive and complaint-based protection but no individual redress
7	The Pakistan Standards and Quality Control Authority (PSQCA)	Federal, established under Pakistan Standards and Quality	Specification, enforcement and certification of standards. Authority provides and enforces standards for

		Control Authority Act, 1996	agriculture and food, automobile, civil, chemical, electrotechnical, electronics, information technology (IT) & information communication technology (ICT),  management standards system (MSS), mechanical  textile, weights & measures, tractor and farm machinery and healthcare
<b>8</b>	Pakistan Council on Research in Water Resources (PCRWR)	Federal, covered under PCRWR Act, 2017	Monitoring water quality and providing water testing services
<b>9</b>	Pakistan National Accreditation Council	Federal, established under Pakistan National Accreditation Council Act, 2017	Accrediting conformity assessment bodies such as laboratories with a complaint handling mechanism instituted
<b>10</b>	Drug Regulatory Authority	Federal, established under Drugs Act, 1976. Drug Control Departments/units in provinces also functional	Registration and price control
<b>11</b>	Civil Aviation Authority (CAA)	Federal, established under Pakistan Civil Aviation Authority Ordinance, 1982	Educating consumers through ranking airlines for their punctuality and quality of services as well as ensuring air passengers' rights and providing redress to individual complaints
<b>12</b>	Competition Commission	Federal, established under Competition Ordinance 2007	Safeguarding against monopolies
<b>13</b>	State Bank of Pakistan	Federal	Redress on consumer grievances against commercial banks
<b>14</b>	Banking Mohtasib Pakistan	Federal	Redress on individual complaints regarding banking services
<b>15</b>	Federal Tax Ombudsman	Federal	Redress on taxpayers' complaints on tax-related affairs
<b>16</b>	Federal Insurance Ombudsman	Federal	Redress on individual grievances of policyholders

Apart from these institutions and mechanisms, different provincial departments are responsible for the quality of meat under statutes such as the Slaughter Control Act, 1963. Fish quality and control are

managed through the Fish Inspection and Quality Control Act, 1998. A separate law, the Pakistan Hotels and Restaurants Act, 1976, governs hygiene and food quality in hotels and restaurants.

The new-generation laws on consumer protection in provinces and ICT are unique in terms of providing specific redress on individual complaints. The efficacy of these provincial laws has been a subject of debate. The provinces were slow not only in legislating on the matter but also in operationalizing the laws. Moreover, provincial laws lack uniformity in several critical areas, such as appellate jurisdiction. In Punjab, the appellate forum is the High Court, while in KP and Balochistan, the appellate courts are district sessions courts. In Sindh, the District Coordination Officer (DCO) serves as the appellate authority. Punjab and Sindh consumer laws emphasize defects in goods and services, whereas the laws in other regions, including Islamabad, focus instead on the false representation of defects in goods and services. Importantly, none of the laws hold manufacturers and producers liable for the omission of material information regarding goods and services.

Furthermore, the current legal framework is silent on online trade practices, despite the significant shift of consumer services to online platforms. The need to regulate electronic transactions has become increasingly critical to ensure consumers feel satisfied with the reliability, transparency, and trustworthiness of online information—a need that is pronounced in all developing economies.

Another criticism leveled against Pakistani consumer laws is their failure to accord special status to consumers. These laws treat consumers as diligent and informed individuals, disregarding the circumstances that make many consumers vulnerable. Certain groups of consumers, such as illiterate persons, children, the sick, and the elderly, face unique challenges that set them apart from the general discourse on party equality. Even educated individuals often struggle to comprehend the complexities of new technologies, financial services, and other technical domains. Viewing consumers through the lens of contractual equality ignores these realities and weakens consumer protections. Declaring consumers as diligent individuals absolves manufacturers and service providers of their obligations to disclose mandatory information.

A notable example of this imbalance is the Supreme Court of Pakistan’s directive to milk companies to label their products as “tea whitener” rather than “milk,” as they were misleading consumers by selling tea whiteners under the guise of milk<sup>5</sup>. This definition of the consumer undermines their position, creating a structural imbalance that favors manufacturers and service providers over consumer protection.

## Monopoly or Competition?

Consumer protection laws are important complements to competition policy. Without competition laws, any consumer protection regime cannot serve its purpose. Healthy competition in trade benefits consumers in many ways. Although competition laws are known by different names, such as antitrust laws, anti-monopoly laws, and restraint of trade laws, their fundamental purpose is to foster trade liberalization, privatization, and investments that cultivate a culture of competition within the economy.

Many experts argue that the absence of competition laws led to the concentration of wealth in a few hands during the early history of Pakistan. In the absence of anti-monopoly laws, it was observed that 22 family groups effectively controlled the country's economy<sup>6</sup>.



In 1963 the-then Ayub government constituted an anti-cartel law study group, the recommendations of which became bases of the Monopolies and Restrictive Trade Practices (Control and Prevention) Ordinance, 1970. An organization called the Monopoly Control Authority (MCA) was established to implement this law.

The scope and jurisdiction of this law and the MCA were limited to private enterprises and did not extend to public undertakings. However, the law's effectiveness was undermined by the 1972 Economic Reform Order, which initiated nationalization. The MCA's independence was further compromised in 1981 when it was subordinated to the Corporate Law Authority, leaving it powerless to address significant economic challenges.

As the market economy evolved, the Authority became outdated, and the law proved ineffective and incompatible with emerging economic trends. The need to update competition policy for growth through privatization and innovation led to the replacement of the law by the "Competition Ordinance 2007," which was later transformed into the "Competition Act 2010," and a Competition Commission was formed. The Act included provisions regarding deceptive marketing practices, aiming to protect both consumer welfare and business interests by addressing false and misleading information or advertisements. Furthermore, the Act substantially enhanced the investigative capabilities of the Competition Commission by granting it powers of search, inspection, forcible entry, and leniency.

## Missing Link

The traditional society had a system of 'baandh,' a vernacular term for a verbal contract between suppliers or producers and middlemen or directly with consumers, under which timely delivery of quality farm produce was ensured for a group of middlemen or a community of consumers. This system is still in use, in one form or another, for the supply of vegetables and fruits to urban markets and the direct supply of milk to consumers. The system was formalized through cooperative laws.

While India had many successful cooperatives, such as the milk giant AMUL, Pakistan did not systematically encourage the organic evolution of direct links between producers and consumers. While farmers around the developing world are organizing themselves into cooperatives and farmer producer organizations to take advantage of changing market linkages and international trade dynamics, Pakistan still lags behind. Farmer cooperatives have so far failed to take off in the country, with no cooperative standing out nationally. Historically, there has been almost no presence of farmer cooperatives in Pakistan, and the government did not play an active role in promoting them in its early years. In some countries where farmer cooperatives are prevalent, the government has actively promoted them through legislation and policy. However, in Pakistan, little effort has been made to educate farmers about the cooperative model and its effectiveness. Smallholder farmers need education and knowledge regarding capacity-building to organize themselves effectively into cooperatives. Unfortunately, such initiatives have not taken concrete shape due to bureaucratic delays<sup>7</sup>.

The lack of a cooperative regime has led to the exploitation of both producers and farmers, while middlemen have profited from the lack of organization among the weaker parties. The sugar industry flourished at the cost of traditional, health-friendly gur production when the state introduced and enforced the Gur Control Ordinance first in 1948 and again in 1980<sup>8</sup>, prohibiting gur production while mandating the sale of sugarcane to an industry run by feudal politicians who were provided with hefty

loans by the Zia regime to purchase steel mills from certain steel groups. In 1980, more than 80 percent of Pakistanis preferred gur over refined white sugar, but this trend was successfully reversed through the confiscation of gur-making apparatus within a decade, shifting 80 percent of the population to refined sugar.

There are many such examples across industries. Cartelization under government auspices became so glaring that cartels made billions from life-saving drugs<sup>9</sup>. Even the scare of contaminated tap water and consumer activism over clean drinking water helped the bottled water industry flourish<sup>10</sup>. The milk giants elsewhere have become water giants in Pakistan. The villainization of the milkman and the unchecked, yet purposeful, mockery of the traditional milk supply chain through advertisements and paid media content on government-run media channels paved the way for the dismantling of a centuries-old milk supply system and the rise of packaged milk in the market.

The challenges to consumer protection are evolving and many new forms of exploitation have emerged, many of which stem from the digital transformation of consumer behavior, contrasting with an industry still rooted in traditional practices. This misalignment, fueled by the persistence of an undocumented economy, has created systemic inefficiencies and exploitation.

A significant challenge is the slow adaptation of industries to digital payment systems and transparent practices. While consumers increasingly rely on digital platforms for transactions, many businesses deliberately avoid these systems, prioritizing profits from undocumented operations. This is evident in the widespread refusal to accept digital payments, often under the pretext of technical issues, forcing consumers to use cash. Such practices not only inconvenience consumers but also undermine efforts to formalize the economy.

In the financial sector, digital services like online transfers are marred by inefficiencies. Complaints about delayed payments and lengthy resolution processes discourage consumers from trusting these systems, despite their convenience. This indicates a lack of accountability in adapting to digital consumer needs and highlights the gap between technological advancement and service delivery standards.

Moreover, the centralized nature of redressal mechanisms fails to account for the challenges faced by digitally excluded populations. For many citizens with limited education or access to technology, even filing a complaint becomes burdensome. The lack of localized, technology-enabled solutions for grievance redressal further alienates these groups, exacerbating inequalities in consumer protection.

## Short-lived Consumer Protection Movement

The post-Cold War era ushered in significant global trade liberalization under the World Trade Organization (WTO) framework, which promoted market openness and deregulation. This shift, however, resulted in reduced government oversight, giving greater freedom to multinational corporations. The consequences were profound: subsistence farming practices, local businesses, and traditional markets were gradually overshadowed by standardized, mass-produced consumer goods. Amidst this economic transformation, consumers found themselves vulnerable to exploitation, especially as consumer protection laws remained underdeveloped and ineffective during this period.

As the global focus shifted toward market liberalization, the need to protect consumers became a priority for international assistance. This support was directed toward building institutional frameworks and legal instruments designed to safeguard consumers. Key areas of intervention included regulating harmful advertising, particularly in industries like tobacco and infant formula, as well as ensuring the safety and quality of essential products like food and pharmaceuticals. This period saw the rise of civil society consumer groups in many countries, which played a crucial role in advocating for consumer rights. In Pakistan, organizations such as TheNetwork for Consumer Protection and the Consumer Rights Commission of Pakistan (CRCP) became instrumental in pushing for reforms in the pharmaceutical, tobacco, and water industries. These civil society groups contributed significantly to the creation of Pakistan's first consumer protection laws, which addressed issues like misleading marketing and unsafe consumer products.

In the early stages, international donors such as the World Bank and the UK's Department for International Development (DFID) provided substantial support for these initiatives. However, once the legal frameworks for consumer protection were established, donor priorities began to shift. Despite the persistent challenges of enforcement, international assistance dwindled, leading to a contraction in civil society organizations and a decline in consumer activism. As a result, while legal protections for consumers in Pakistan have improved, the effectiveness of these laws has been limited by inadequate enforcement and a shrinking advocacy sector.

## Conclusion

Pakistan's consumer protection framework faces significant challenges due to fragmented provincial laws and inadequate enforcement mechanisms. The absence of a cohesive provincial policies and the evolving complexities of e-commerce further exacerbate the issue. Strengthening consumer rights necessitates a dual approach: robust policy interventions, including uniform standards, and better regulatory mechanisms, coupled with an active civil society to advocate, educate, and support consumers. By addressing systemic gaps and fostering collaboration among stakeholders, Pakistan can create a more equitable marketplace that safeguards consumer interests, ensures fair competition, and promotes economic growth.

## Recommendations

### Policy Recommendations

- a. To address disparities and inefficiencies among provincial laws, Pakistan should introduce a national framework ensuring uniform standards across all provinces while respecting the 18th Amendment.
- b. Existing provincial statutes should be revised to address gaps, such as accountability for omissions of material information, protections for vulnerable consumers, and regulation of e-commerce. Uniformity in appellate mechanisms should also be ensured.
- c. Provinces, particularly Balochistan, must establish consumer courts and ensure adequate resources for their effective operation.
- d. The growing reliance on online trade demands specific legal provisions for transparency, reliability, and trust in e-commerce transactions. Consumer data privacy and cyber fraud protection must also be prioritized.

- e. Ensuring robust competition policies will complement consumer protection. The Competition Commission of Pakistan should be further empowered to oversee market practices and address monopolistic behaviors effectively.
- f. Governments should launch awareness campaigns to educate consumers about their rights, particularly targeting rural and marginalized communities. Information should be disseminated in local languages through mass media and community outreach programs.
- g. Policies should promote consumer and producer cooperatives, especially in agriculture, to bridge gaps in the supply chain and reduce the dominance of middlemen.

### Recommendations for Civil Society

- h. CSOs must re-engage in consumer rights advocacy by exploring indigenous resource mobilization to minimize the reliance on donors.
- i. CSOs should create support networks to assist consumers in lodging complaints and navigating legal mechanisms. They can offer pro bono legal services and establish partnerships with lawyers and bar associations.
- j. Through independent research and reporting, civil society can highlight harmful market practices, counterfeit goods, and monopolistic trends. These reports can inform policy interventions and public awareness.
- k. Civil society should partner with media and academia. Partnerships with media outlets can amplify consumer protection issues, while collaborations with academic institutions can foster evidence-based policy recommendations and innovative solutions to market challenges.

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