
UNIT 6 CONSUMER MOVEMENT IN INDIA

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6.0 OBJECTIVES

This unit deals with the Consumer Movement in India. A study of the history and growth of consumer movement in India and its impact would enable you to :

- Retrace the development of consumer movement in India right upto the present times.
- Understand the difference between development of co-operatives and the consumer movement.
- Familiarize yourself with some important consumer organisations and their activities.
- Appreciate the impact of the consumer movement and know about the tasks for the future/challenges ahead.

6.1 INTRODUCTION

In Unit 1 on the origin and growth of the consumer movement, you have been introduced to the history of the world consumer movement starting with the development of consumer co-operatives to consumer movement in the present form in the 1930's. In this unit, an attempt has been made to trace the history of consumer movement in India from the ancient period to the early development of co-operatives and finally, to modern consumer forums and associations. Though some important consumer organisations and activities have made a great impact, yet there are challenges ahead. This unit concludes with suggestions for the foreseeable future.

6.2 HISTORY AND GROWTH OF CONSUMER MOVEMENT IN INDIA

India has an ancient history of consumer protection. Consumer protection was part of ancient culture and formed the core of its administration. But the introduction of boundless commercialisation of activities eclipsed the old rich heritage. As in Europe, in India also the origin of the Consumer Movement was in the form of Consumer Co-operatives.

6.2.1 Consumer Protection in Ancient Times

India has an ancient history of consumer protection. Consumer protection was part of its ancient culture and formed the core of its administration. Kautilya's 'Arthashastra' was the basic law of ancient India and the same was strengthened with provisions to protect consumers. Sale of commodities was organised in such a way that general public was not put to any trouble. If high profits (for the ruler) put general public in trouble, then that trade activity was stopped immediately. For traders, profit limit was to be fixed. Even for services timely response was prescribed; e.g. for sculpturist, carpenter, tailor, washerman, rules for the protection of consumer interest were given. Thus, for a washerman, it was said that he should return washed clothes in a given time period, i.e., light coloured ones in five days, blue dark coloured in 6 days and silken, woollen or embroidered in 7 days. Failing this they had to pay fine.

The Superintendent of Commerce was to supervise weights and measures. For shortfall in weighing/measuring, sellers were fined heavily. Weights and measures used in trade were manufactured only by the official agency responsible for standardization and inspected every four months. Sellers passing off inferior products as superior were fined eight times the value of articles thus sold. For adulterated things, the seller was not only fined but also compelled to make good the loss.

Indeed, the people in different parts of the country today celebrate in different ways the dates dedicated to the remembrance of ancient periods during which, it is believed, people's welfare was the first concern of the rulers. 'Onam' in Kerala is one such example. The folk songs relating to Onam celebrate the fact that during the rule of King Mahabali, people were not at all exploited in any manner. It is believed that there were not shortages or malpractices in weights or measures and nor excessive advertisements.

6.2.2 Development of Co-operatives

Consumer Co-operatives are sometimes mentioned as the starting point of the Consumer Movement. In general, consumer co-operatives have been successful in halting some of the abuses of the monopolies and in improving conditions of the lower-income classes. They have undertaken consumer education, elementary product improvement and other projects of interests to members as well as to other low income consumers. However, in contrast to activities to which the term 'Consumer Movement' has been applied, co-operatives have sought to perform certain services for themselves, thus replacing private enterprises in these areas. On the other hand, movement activities have been directed towards modification of business practices, either with or without the aid of government.

Role of consumer co-operatives in consumer oriented marketing system is important as it has achieved great success in Scandinavian and other European countries, as a countervailing force against the traditional marketing mechanism and promote the consumer interests. Encouraged by this governments of many countries and India emphasized consumer co-operatives. While the first consumer co-operatives in Great Britain and the U.S.A. came up in 1844, in India there was not much development till 1962. The first consumer co-operative store in India came up in Madras in 1904. However, the proper appearance of consumer co-operatives in India could be seen only in 1918, increasingly their number to 88 in 1920-21 and 323 in 1928-29. But in 1936-37, their number reduced to 25 as they were still not organisations of consumers on felt needs.

Phase II

Second World War and the accompanying scarcity situation increased their numbers again to 396. But lack of suitable leadership, corruption, ill paid staff and lack of storage facilities kept them in a state of malfunction. In 1950-51, the number of consumer co-operatives reached 9674 with a membership of 19 million members and an annual sale turnover of Rs. 76 million.

Decontrol and derationing in 1951-52 meant a setback to the co-operative movement. Revival came in 1962. In 1960, an all India seminar on consumer co-operatives was held in Bombay for a critical appraisal of the entire consumer scenario. From the Third Five Year plan onwards, there has been much emphasis on the development of consumer co-operatives by the governments to make them viable. In 1975-76, Rs. 5.5 crores were invested for consumer co-operatives in accordance with the 20 point programme. Consumer co-operatives are very important for improving the distribution of essential goods through Public Distribution System (PDS) and combating inflation. It has been announced that 10 to 20% of the supplies of baby foods, bicycles, blades, cloth and students needs etc. would be through co-operatives. At present, in the distribution of consumer goods the co-operatives under P.D.S. account for about 28% of retail outlets (fair price shops) in rural areas. Nearly 51,000 village societies and their various branches distributed Rs. 2500 crores worth of consumer articles in rural areas in 1989-90.

However, the co-operative movement treaded its path among the consumers and as was the case in the West, in India too the co-operative movement was not organised as a measure for consumer protection of the modern type. Consumer movement did not make its presence felt in India till the 1960's when organised consumer groups came up.

Check Your Progress Exercise 1

Note: i) Use the space given below for your answers.

ii) Check your answer with the model answers given at the end of this unit.

1) Tick mark the following statements True (T) or False (F).

- a) In the ancient period, consumer was the 'King'. (T) (F)
- b) Co-operatives and consumers organisations are one and the same thing. (T) (F)
- c) Co-operatives came up after the start of the consumer movement. (T) (F)
- d) Government of India has always encourage co-operatives. (T) (F)

2) Describe briefly how co-operatives have helped in consumer protection.

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6.3 CONSUMER MOVEMENT IN THE MODERN PERIOD

Consumer movement in the present form came into being only in the 1930's in the West and only in the 60's in India. The basic objectives of consumer movement world wide are as follows :

- To provide opportunity to the consumers to buy intelligently
- Recognition of reasonable consumer requests
- Protection against fraud, misrepresentation, unsanitary and unjust products
- Participation of consumer representatives in management of aspects affecting consumers
- Promoting consumers interests

The basic reason for the development of consumer movement in India are different from those in the West. In western countries, consumer movement was the result of post-industrialisation affluence—for more information about the merits of competing products and to influence producers especially for new and more sophisticated products. In India, the basic reasons for the consumers movement have been:

- Shortage of consumer products; inflation of early 1970's
- Adulteration and the Black Market.
- Lack of product choices due to lack of development in technology
- Thrust of consumer movement in India has been on availability, purity and prices

The factors which stimulated the consumer movement in recent years are:

- Increasing consumer awareness
- Declining quality of goods and services
- Increasing consumer expectations because of consumer education
- Influence of the pioneers and leaders of the consumer movement
- Organised effort through consumer societies

6.3.1 Stages of Development of the Consumer Movement

The Consumer Movement today is undergoing a silent revolution. The movement is bringing qualitative and quantitative changes in the lives of people enabling them to organise themselves as an effective force to reckon with. But the path to reach this stage has not been easy. It has been a struggle against bad business which always put profit before fairness in transactions.

The first stage of movement was more representational in nature, i.e., to make consumers aware of their rights through speeches and articles in newspapers and magazines and holding exhibitions. The second stage was direct action based on boycotting of goods, picketing and demonstration. However, direct action had its own limitations, that led to the third stage of professionally managed consumer organisations. From educational activities and handling complaints, it ventured into areas involving lobbying, litigation and laboratory testing. This gave good results. Thus, for instance business sector has started taking notice and co-operating with the movement. It has played a role in hastening the process of passing the Consumer Protection Act, 1986 which has led to the fourth stage. The Act enshrines the consumer rights and provides for setting up of quasi-judicial authorities for redressal of consumer disputes. This act takes justice in the socio-economic sphere a step closer to the common man.

6.3.2 Some Important Consumer Organisations

Consumer movement in India had its beginning in the early part of this century. The first known collective body of consumers in India was set up in 1915 with the 'Passengers and Traffic Relief Association' (PATRA) in Bombay. Women Graduate Union (WGU), Bombay was another organisation started in 1915. One of the earliest consumer co-operatives was the 'Triplicane Urban Co-operative Stores' started in late 40's in Madras. It has about 150 branches all over the city. The Indian Association of Consumer (IAC) was set up in Delhi in 1956. This was an All India Association for consumer interests with the government's support. However, even IAC did not make any headway.

The first organisation to really make an impact was the Consumer Guidance Society of India (CGSI), Bombay started by nine housewives in 1966 with Mrs. Leela Jog as its founder secretary. Instead of just holding conferences and meetings and asking questions like earlier consumer associations, it started testing and reporting the quality of items of daily use of foodstuffs and handling consumer complaints. It has 8 branches at various places carrying on publicity, exhibitions and education. It publishes a magazine called 'Keemat', in English, for consumer information.

The second consumer organisation which made quite an impact in making the cause of consumers known throughout the country is the 'Karnataka Consumer Services Society' (KCSS) formed in 1970. The main strength of the KCSS was Mrs. Mandana who spread the word of the movement throughout the country, especially among government

circles at a time when the word 'consumer' was not familiar to many. It is based in Bangalore. It organised important seminars on consumers' education in schools and is represented on prevention of Food and Drug Adulteration Committee and Karnataka Food and Civil Supplies Corporation.

Visaka Consumers Council (VCC) started in 1973 in Vishakhapatnam, Andhra Pradesh, is another pioneering consumer organisation which has made a significant contribution to the consumer movement. It represented the plight of the poor ration card holders and LPG gas users, who had to stand in long queues because of the irresponsible attitude of the concerned authorities. Mr. V. K. Parigi with 20 members held meetings, survey of ration card holders and succeeded in achieving necessary changes in the fair price shops and the public distribution system. Besides this about 15 more organisations came up in Andhra Pradesh taking up the task of solving problems of fair price shops and milk distribution in different parts of the state.

To wage a war against exploitation by the traders, some organisations came up with the novel idea of buying quality product of everyday use at wholesale and selling these to the consumers at much lower prices than that being sold by the merchants. These are the Akhil Bhartiya Grahak Panchayat (ABGP) started in 1974 in Pune, Mumbai Grahak Panchayat (MGP) in 1979 in Mumbai and Grahak Panchayat in 1979 in Jamshedpur.

Another organisation which made a significant contribution to the cause of consumers is the Consumer Education and Research Centre (CERC) which started in Ahmedabad in 1978. It added a new dimension to the Consumer movement with Prof. Manubhai Shah, the Managing Trustee of CERC. The organisation constantly used legal machinery to bring about changes and protect consumer rights. Its special focus and intervention is against the governments and public corporations. It has a big library, computer centre and a product testing laboratory. Recently, it has also launched a project on comparative testing in Ahmedabad where comparative testing, ranking and evaluation of consumer products are being undertaken with the aim of publication of such findings for consumer education. To begin with, testing of food, pharmaceuticals and domestic appliances had started. Findings will be published and action may be initiated against unsafe products. CERC also undertakes internship training for any consumer organisation, besides routine exhibitions, seminars and publications of the magazine 'Consumer Confrontation.'

The Eighties of the present century saw the dawn of a new era in consumer movement in India. There was mushrooming of consumer organisations, many floated by politicians to earn additional income and capture a gullible vote bank! However some associations were really committed to the cause of the consumers. One of these was 'Jagrut Grahak' in Baroda, Gujarat started in 1980 by ten retired professionals. It imparts consumer education through seminars and publication and runs a network of 45 complaint centres. 'Consumers Forum' is another important organisations started in 1980 in a small form in Udipi in South Karnataka. Under the leadership of Dr. P. Narayan Rao, it succeeded in bringing relief to many aggrieved consumers, chiefly from their problems with the state bureaucrats.

VOICE, the voluntary organisation in the interest of consumer education, was founded by energetic young students and teachers of the Delhi University in 1983 in Delhi to fight against unfair trade practices. It gives consumers information about the benefits of shortcomings of various products and brands and enables them to make informed choices. With Dr. Shri Ram Khanna as the Managing Trustee, it has launched comparative testing. Its first attempt was directed at comparative testing of well known brands of colour T.Vs.

Consumer Unity and Trust Society (CUTS) started in Jaipur, Rajasthan, in March 1984, made its impact by effectively making use of media and publicity. For example, to tackle problems of garbage, it announced prizes for a photograph depicting the biggest heap rubbish or the biggest pothole, and this galvanised authorities into taking prompt action. Consumer Action Group (CAG) founded in 1985 in Madras concerns itself with the issues of civic amenities, health and environments. For example, shortage in Chennai and Chemical pollution in Adyar river.

To mention now, some individual consumer activities who have been in the forefront of the consumer movement in the country. Mr. R. R. Dollani, an old Gandhian, started a

number of associations in Madras. He organises meetings and rallies on consumers' issues and other public interest issues in various parts of the city. Mr. H.D. Shourie, Director; Common Cause; Delhi, is a well known litigant in consumer circles. This organisation has 5000 members from all over the country keeping contact with the various consumers outfits and taking up cases on problems of electricity, hospitals, taxation and similar issues. Another consumer activist who works primarily with his pen is Mr. R. Desikan of SMN Consumer Protection Council, Madras.

A new impetus was given to the consumer movement with the enactment of the Consumer Protection Act, 1986. It applies to the whole of India except J&K. The detailed information on this act is dealt with elsewhere in this course. Here, it is suffice to mention that this act is unique since it provides for setting up of quasi-judicial bodies vested with jurisdiction concurrently with the established courts for redressal of consumer disputes at the district, state and national levels. The basic objective is to provide inexpensive justice to consumers. For the enactment of this legislation, the late Prime Minister, Mr. Rajiv Gandhi deserves special mention from several ministries and public sector monopolies and after vested interests, he went ahead and got the act passed.

The Nineties saw the fulfillment of efforts towards a unified approach. It had been always felt that there were benefits in collective and united approach. In March, 1990 the Federation of Consumer Organisations (FEDCOT) was established in Tamil Nadu to bring together as many consumer groups as possible in the state under one umbrella. In 1992, consumer groups of Gujarat joined hands to form a federation, Gujarat State Federation of Consumer Organisation (GUSFECO). Now 9 states in the country have federations. Besides Tamil Nadu and Gujarat, they are Kerala, Karnataka, Andhra Pradesh, Maharashtra, Rajasthan, Orissa, and Uttar Pradesh. Besides, at the apex level, there are Confederation of Indian Consumer Organisation (CICO), New Delhi, formed in February 1991 and Consumer Coordination Council (CCC), New Delhi, formed in April 1992. The primary reason for firming these apex bodies is networking of consumer groups coming together for a common cause.

Check Your Progress Exercise 2

Note: i) Use the space given below for your answers.

ii) Check your answer with the model answers given at the end of this unit.

1) Give any two basic objectives of the consumer movement.

- i)
- ii)

2) Enumerate any two causes of development of consumer movement in India.

- i)
- ii)

6.4 ACHIEVEMENTS OF THE CONSUMER MOVEMENT

Some interesting developments which are helping the consumer movement include, developments taking place in the field of consumer education and some noticeable changes that have taken place among business organisations and their associations or federations. Consumer Protection is being incorporated in the courses at different levels in schools and colleges. Full-fledged courses have been introduced in management and law courses.

A number of large organisations have set up Consumer Grievance Cells as an in-house redressal mechanism. Life Insurance Corporation of India (LIC) has set up claims review committees at the zonal and central levels. Petroleum Companies, Railways, Banks, Income Tax Departments, have also initiated setting up of public grievance

cells. The Government of India has set up a separate Directorate called Directorate of Public Grievances at Sardar Patel Bhavan, Sansad Marg, New Delhi. They deal with complaints relating to hawks, railways, insurance, pensions and related matters. In the long run, they will cover all the ministries. The nationalised banks are observing 15th of every month as the 'Customer Grievance Day' where an aggrieved consumer can walk into the top managers' offices in their respective town, district or zone. The Council of Fair Business Practices, of more than 20 years standing, is also trying to help in the redressal of complaints against business from individual consumers or groups. Federation of Indian Chambers of Commerce and Industry (FICCI) has set up a Consumer Business Forum which meets once a quarter in different cities of the country. All stock exchanges in the country have also set up similar cells. The Advertisement Standard Council of India (ASCI), Confederation of Indian Industry (CII) and FICCI have evolved a code of ethics for their activities.

Another significant achievement of the consumer has been the representation given to consumer organisations on the policy making bodies (regulator machinery) of governments and Advisory/Welfare Committees of big business organisations and the service sector. Central and State (Government) Consumer Protection Councils, regulatory departments of Preventions of Food Adulteration, Supplies of Food and Drugs, Weights and Measures Department, Quality Control Institutions like Bureau of Indian Standards (BIS) and AGMARK, Petroleum Product Department, Railway Commuters Welfare Committees, Regional Advisory Committees for Indian Airlines Services all have representatives of the various consumer organisations. Thus, consumers get full opportunity to participate in policy making aspects.

It appears that the time has come when consumers in India can hope to be 'The King' in the market place very soon. The labour of dedicated individuals and groups who have fought relentlessly for consumers rights through the decades has not been in vain after all.

6.5 CHALLENGES AHEAD/TASKS FOR THE FUTURE

It is now over a decade since the Consumer Protection Act, 1986 was passed after years of lobbying by the various consumer organisations. The redressal machinery, however, is not fully satisfactory. The number of cases pending in the district forums is piling high.

Unless consumer groups take determined action to see that the institutions set up for their protection work effectively, the redressal agencies will go the way of civil courts, where litigants have to wait for years and spend fortunes for the settlements of their disputes. Making the Consumer Protection Act effective is therefore, the first challenge facing the consumer movement in India.

There are now about 1000 organisations of consumers in existence, but all the cities and towns have not been covered. The rural areas where the greater part of our nine hundred million consumer live are still virtually untouched by the consumer movement. Though the aim is to have a Consumer Complaints Redressal Forum in every district, it is not easy for poor rural consumers to go to the forum with complaints, nor do many consumers have an awareness of ways to assert their consumer rights. The solution lies in training rural workers who are already active in the villages. Mass media should be used to penetrate rural houses. Creating consumer awareness in the vast reaches of rural India with its variety of customs, traditions and languages and little formal education is the second challenge for the consumer movement.

Another matter of concern for the consumer is the likely fall out of the liberalisation policy adopted by the government. Undoubtedly, liberalisation is going to bring us many benefits, notably, upto date technology, more competition and better products, more employment and investment opportunities. But some possible adverse effects must be taken into account. The export to India of drugs, pesticides and cosmetics which are sometimes banned in the countries from which they originate is likely to be much easier with liberalised import laws. Consumer groups will have to be on their guard against such products and services. For example, obesity treatments, hair restoration treatments and arthritis cures which were not approved in the countries of origin have

been brought in here through collaboration and launched with tremendous publicity. Consumer organisations need to take action against them for their misleading and highly exaggerated claims. Laws against cigarette and liquor advertising are being openly flouted through advertising on hoardings and through cable television. Consumer movement needs to be extremely alert regarding dubious or hazardous products entering the country in the wake of liberalisation.

Some other emerging areas of consumer protection are environment protection, investor protection and freedom of information. Relentless increase in environmental pollution of all kinds has totally impoverished the quality of our lives and is taking a heavy toll of our health. Consumer groups need to strongly support and work with environmentalists. Every consumer will have to join with others to reduce pollution in his/her own neighbourhood.

Lastly, the concern of consumer movement should also be to discourage racism, communalism, violence, and conspicuous consumption. Violence is today the real hero in most T.V. serials and films. It enters our homes, assaults our senses and influences all of us, specially our children. In the words of Anwar Fazal, Regional Director, United Nations Development Programme for the Asia Pacific Region, "The Consumer Movement should be directed towards service to the people and the Environment instead of just ensuring value for money for consumers." Consumer movement should seek a new vision which embodies 3 new cultures, i.e., the culture of balance and harmony (so well provided by nature), the culture of trusteeship and stewardship (as we are only guardians of earth) and culture of accountability to the future.

Check Your Progress Exercise 3

Note: i) Use the space given below for your answers.

ii) Check your answer with the model answers given at the end of this unit.

1) Fill in the blanks.

- a) Schools and colleges are incorporating.....
..... in courses at different levels.
- b) Large business organisations have set up on
their premises.

2) How are the consumers participating in policy decisions for consumer welfare ?

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3) Enumerate any two important challenges before consumer activist.

- i)
- ii)

6.6 LET US SUM UP

You have learnt that consumer protection in India has an ancient history. It was part of our culture and tradition. Generally, there were no shortages and exploitation. Culprits were fined heavily. However, the golden era got over with the invasion of foreigners and modernisation.

The origin of consumer activities can be traced to the emergence of co-operatives at the beginning of the present century. The governments also encouraged the development of Consumer Co-operatives. In general, co-operatives have been successful in halting abuses of the monopolies and improving conditions of the lower income groups.

Consumer movement, in its present form in India, came into being only in the 1960's with the formation of Consumer Guidance Society of India in 1966 in Bombay. With its success, the consumer movement spread over to fight for availability, purity and standard prices of commodities. At present, there are about 1000 organisations all over the country. One can say that the consumer movement in India has come of age. From simple awareness generation, it took over to direct action and then to testing and litigation. Its contribution to the passing of Consumer Protection Act, 1986, has been a historic achievement. Both business and bureaucrats have started taking consumers seriously. Consumer grievance cells have been launched by important organisations and corporations. Consumers are represented on a number of consumer welfare committees set up by various organisations.

However, with liberalisation and globalisation, there are challenges ahead for the consumer groups.

6.7 KEY WORDS

Ancient Period : Period before the invasion by foreigners; i.e., about 800 years back.

Kautilya's 'Arthashastra' : Writings of Chanakya describing in detail various strategies for administration and diplomacy.

Consumer : Any person who purchases goods or hires services for self/family use.

Consumer Protection : Safeguarding consumer interest.

Consumer Movement : Consumer cause pursued with mass base and organisation.

Consumer Co-operatives : Voluntary associations of economically weak persons to eliminate middlemen and get advantage on a large scale.

Consumer Organisations : Voluntary/non-government organisations of people to safeguard the interests of consumers.

6.8 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) a) T
b) F
c) F
d) T
- 2) Preventing abuses of monopolies by eliminating middlemen and checking price rise. By understanding consumer education and product improvement. Teaching lessons on self help; morality and unity.

Check Your Progress 2

- 1) i) Opportunities to buy reasonably.
ii) Protection against fraud, misrepresentation etc. or consumer representation.
- 2) i) Shortages and black market/inflation.
ii) Adulteration/lack of quality/purity.

Check Your Progress 3

- 1) See sections 6.4 and 6.5 for your answer.
- 2) See sections 6.4 and 6.5 for your answer.
- 3) See sections 6.4 and 6.5 for your answers