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However, over a period of time the emergence of global issues such as the lack of basic needs and amenities, ecology, transnational, human rights and Third World problems have broadened the concept of value for money to a wider conception of a basic quality of life. 'Value for People' has become an additional fundamental aim of the consumer movement. This essentially means that consumer education should enable people to develop a critical and analytical view of the real need for goods and services, consumer rights and responsibilities, and the fundamental socio-political and economic factors ( both local and international) affecting the supply of products and services.

In this way, consumer protection and welfare movement now stresses upon critical awareness and living skills of the consumers which aims at building a better future for the human beings. It is a wider concept of the consumer movement.

As seen in the rise of 'Green Consumerism', consumer education is orienting societies to consumer products and services based on an ethical and environmental conscience. Producers and their products are no longer merely judged on quality, durability, performance, price and after sales services. More and more consumers now evaluate products and producers based on three additional criteria, i.e. Ethics, Ecology and Equality. This implies the following:

- a) Is the production ethical? Does the concerned company engage in business practices which take advantages of lenient legal, social and environment regulations in Third World host countries? This is as compared with the strict regulations existing in the company's home country. Does the company engage in malpractices like bribery and corruption?
- b) Is the production ecological-friendly? Is the production process in harmony with the environment?
- c) Is the production equitable? Is it fair to the traditions and economics of local communities and vulnerable Third World societies?

Business enterprises both government and private have to fulfill their social responsibility which can be judged by criteria such as:

- a) Respect for the environment;
- b) Sensitivity to cultural diversity;
- c) Public accountability through disclosure of information;
- d) Advancement of women's rights and position;
- e) Impact on local community based industries, and
- f) Employment policies and a fair deal for workers including health and safety standards at the work place.

Ecological or 'green' issues are particularly important and consumers should have the information to use their power of not buying products that are likely to:

- a) Cause significant damage to the environment due to undesirable exploitation of natural resources;
- b) Consume a disproportionate amount of energy during manufacture, use or disposal;
- c) Cause unnecessary waste either because of over packing or because of an unduly short product life;
- d) Use material derived from threatened species or from threatened environments;
- e) Involve the unnecessary use of or cruelty to animals, whether this be for toxicity testing or for other purposes, and
- f) Adversely affect other countries and communities, particularly in the Third World.

### 7.5.1 Areas of Emerging Concern

Present time is the time of globalisation. It is said that globalisation is a road to paradise. Thus, in recent years several important global issues have emerged which are required to be considered with the consumer policy. These issues pertain to the impact of global information on financial services, and the effect for the growth of advertising and mass media on information available to the consumers and on globalisation of manufacturing, production and distribution systems.

The Department of Economic and Social Development of the United Nations Secretariat is undertaking a study on the financial services sector, with an emphasis on banking, insurance and securities. Policy makers, academicians and business leaders will examine the entire balance sheet of consumer opportunities and hazards with the aim of elaborating targeted guidelines. There are, at present, three strong currents of change in retail markets for financial services, internationalisation, deregulation and technological innovations. Liberalisation of entry to foreign financial institutions has already occurred in the most developing countries. This is causing wholesale international takeovers, mergers, cross-share holdings. Networking agreements are increasingly common. Developing countries are faced with difficult choices and the need to find an optimal balance of national domestic savings and national domestic investment. Recently, many countries have seen the partial or complete removal of government controls over interest rates, volume of credit and pricing of financial services. Structural boundaries between different types of financial institutions are also being allowed to disappear so that all purpose financial conglomerates are beginning to emerge. Globalisation emphasises that every country should keep doors and windows open to outside world. It is a challenge to ensure that the interests of individual consumers are taken into account in this shift. In this shift interest of consumers are safeguarded as they can get access to goods/products in any part of the world.

Technological innovations such as electronic funds transfer, telephone and computer based home banking phenomena that are largely confined to the developed world, are nevertheless affecting developing countries as well. The consumers concerns in this regards are: one sided contrasts, services by

electronic means and the disclosure of their personal financial data etc. However, in future it would be a common feature in the entire world including India.

### 7.5.2 Possibilities for Action

Various global issues that have emerged now require the conscious consumer to become a significant force for economic change but the possibilities for action towards this direction depend upon the fulfillment of the following conditions:

- The consumer is provided more information which is beyond the traditional information, that is by now conveyed on price, quality, safety, usefulness etc. of goods and commodities;
- The information must be linked to possibilities for action in respect of access to products or services;
- To ensure justice to the consumer, it is needed that effective organisational opportunities are provided for those who desire to engage in collective or locally-focussed activities, direct producer-consumer links etc., the activities that are beyond the traditional outlook.

The consumer movement has to take the above actions. In protecting and promoting a more sustainable and environmentally sound economic development through more responsible consumption patterns and lifestyles, consumer groups organisations must aim at:

- a) A qualitative change in the manufacture and supply of products and services in a way that will reduce environmental pollution, wastage of raw materials and utilisation of energy and
- b) A quantitative change in the consumption of certain products and services, which are considered exploitative, elitist and/or a waste of resources.

### 7.5.3 Expanding Scope

As the CPA-1986 has included services rendered by various agencies to the people for a consideration (which are not for commercial use/purpose) within its ambit, the area and scope of consumer movement has widened. The services as are rendered by banking and financial institutions, electricity supply boards, transport agencies like bus, rail, air, sea etc., hotels providing lounging and boarding etc., entertainment agencies like cinema houses, theatres etc., hospitals or nursing homes payment of fees, medical practitioners, statutory and public authorities, insurance companies, State Housing Boards, which allot plots/houses, telephone and postal department, are held to serving to the consumers. However, a person who opting service under a contract of personal service such as client of an advocate, a student hiring services of a private tutor purchase of a taxi, purchase of shares and debentures for resale, a patient receiving medical treatment in a govt. hospital, municipal corporation services etc., are not consumers.

Movers ever, the decisions taking by the consumer courts under CPA -1986 and by the Supreme Court of India on various issues have further widened the scope of consumer movement.

*Leading Case Laws (Gist of decisions):*

1) *Jagdish Prasad v. LIC*<sup>1</sup>

**Decision:** The beneficiary of services would be included though he is not hirer himself. The nominee of an insurance policy has been to be a consumer within the meaning of the Act. He is beneficiary of services hired by the policy holder.

2) *Regional Provident Fund Commissioner v. Shiv Kumar Joshi*<sup>2</sup>

**Decision:** The duty performed by a Regional Provident Fund Commissioner under the Employees' Provide Fund Scheme is a service. Statutory authority not invested with sovereign function while discharging its statutory functions provide service and would be liable in case of any deficiency.

3) *Maruti Udyog v. M S Hameed Panji*<sup>3</sup>

**Decision:** During warranty period, the manufacturer or dealer has to render free service though goods may have been purchased for a commercial purpose.

4) *Surdrinder Kumar v. Escorts' Limited*<sup>4</sup>

**Decision:** The purchase of a tractor for agriculture purpose is not a commercial purpose (thus, such a purchaser is a consumer).

5) *Indian Medical Association v. V P Shantha Issue*<sup>5</sup>

Whether a medical practitioner could be regarded as rendering 'service' under 2 (1) (o) of the Consumer Protection Act, 1986

**Decision:** Service rendered to a patient by a medical practitioner (except where the doctor renders service free of charge to every patient or under a contract of personal service), by way of constitution, diagnosis and treatment, both medicinal and surgical, would fall within the ambit of 'service' as defined in section 2 (1) (o) of the 1986, Act.

6) *Maruti Suzuki India v. Rajiv Kumar Loomba Facts*<sup>6</sup>

Loomba purchased a maruti car. At that time the policy decision of the Central Government of 1995 was in force, which prescribed that all four wheeler petrol vehicles sold in Delhi, Bombay, Calcutta and Madras must be fitted with a catalytic converter. However, there was no such mandatory requirement in respect of other cities in India. So the car sold to Loomba in Chandigarh was without a catalytic convertor, yet he was charged Rs. 7,000 for the same.

**Issue:** Can a manufacturer charge for a part not supplied in order to maintain price uniformity

**Decision:** The Supreme Court held that dual fixation of price is permissible when it is based on a reasonable classification. In the present case, it is

<sup>1</sup> 1993 CCJ 543

<sup>2</sup> 2000 SCC 98

<sup>3</sup> 1992 (1) CPF 272

<sup>4</sup> 1993 (CPI) 444 C

<sup>5</sup> AIR 1996 SC 550

<sup>6</sup> AIR 2010 SC 3141

not reasonable to make a person whose vehicle does not have a catalytic converter to pay for the same. Accordingly, the apex court dismissed Maruti's appeals and agreed with the concurrent view of all the three tiers of the consumer fora, holding that the charge levied for a catalytic converter without fitting it was an act of arbitrariness and an unfair trade practice.

7) ***Bhupesh Khurana and others v. Vishwa Budha Parishad and others***<sup>7</sup>

In this case the National Commission decided that imparting education falls within the ambit of service as defined service CPA-1986 . It was held that fees are paid for services to be rendered by way of imparting education by educational institutions. (This is a great move in the Direction of Consumer movement as several schools and colleges are mushrooming day by day).

In many cases, which have come before the National Commission, the apex consumer court, has clearly held that providing education is a service and has compensated the aggrieved consumer.

8) ***S L N Auto Service Station v. Herald Alfred Lewis***<sup>8</sup>

A scooter was broken down during the guarantee period. In accordance with the directions of the local dealer, the buyer got it repaired at his costs changing some parts also; the dealer was called upon to compensate the purchaser for his loss, expenses and mental agony.

9) ***Lucknow Development Authority v. M K Gupta***<sup>9</sup>

In this case the Supreme Court while establishing the jurisdiction of the Consumer Dispute Redressal Agencies created under the Consumer Protection Act emphasised that the service provided by a private body or a statutory or public authority are within the jurisdiction of the Consumer Protection Act. In this context, the Supreme Court also laid down that any defect or deficiency in such service would be treated as unfair practice and would amount to denial of service.

The scope of consumer movement activities has further expanded in recent years. The ultimate aim of these activities should be to improve the 'quality of life' of all citizens. This approach should not be restricted only to testing and evaluation of the household goods and equipments but such approaches must also be initiated in other areas of life such as housing, education and drugs policies, health care, environmental and sanitary problems, disposal of toxic wastes, etc. As now several new issues have been included in the scope of consumer movement, it is not only for training people in the art of acquiring goods and commodities of standard quality at fair and reasonable prices or getting more personal possessions but it is also concerned with social and economic responsibilities of the human beings. It is particularly required in India because economic and social inequalities persist here to a very large extent both in rural and urban areas.

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<sup>7</sup> 2000 CTJ 801

<sup>8</sup> 1993 CCJ 38 Kant

<sup>9</sup> 1994, ISCC 243

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## 7.6 TASKS AHEAD

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The first and foremost task ahead is to strengthen consumer movement in both rural and urban areas of India. There should be atleast one consumer organisation in every city and atleast one in a group of four villages. Consumer education and training programmes are also required to be launched in the entire country to enlighten the people about the expanding scope of consumer movement which includes new issues concerning the ‘better quality of life’ to all the citizens irrespective of their financial status. Well-to-do consumers have to take this responsibility. This awareness has, therefore, to be created among them.

The consumer movement in India will also have to address itself to the challenges posed by the process of economic liberalisation and the subsequent opening up of the rural markets to high pressure advertising and merchandising by all powerful MNCs. These bodies have the skills and the wherewithal to change age-old and healthy traditional patterns of consumption overnight. Already, we see that much damage has been done to the nutritively sound food consumption habits of the rural masses by the advertising of instant foods, beverages, and junk foods.

Economic liberalisation may bring in a faster growth rate and an increase in the per capita income, but would perhaps not bring about a better life for the poor because of discriminatory distribution built in the system. A vibrant consumer movement can throw up these contradictions in the system.

Whenever the rich or the middle class consumers are spending a rupee, they are voting for a particular economic system. When the rupee is spent on foreign branded goods or goods produced with high technology, the vote is against the poor employed in the handloom and the cottage sectors.

Whenever consumers are spending on luxury goods and conspicuous consumption, they are voting for exploitation of the poor and the downtrodden. It is this ultimate message that has to be conveyed by the consumer organisations in India in their programmes.

### Check Your Progress 3

- 1) What is the meaning of ‘Green Consumerism’?  
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- 2) Describe some of the emerging problems with the entrance of foreign companies in the Indian market.  
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- 3) What challenges have to be addressed by the consumer movement in India?  
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Consumer movement in India has to address itself to various issues such as fulfillment of needs of the people, maintenance of quality and standards of consumer commodities, environmental threats, challenges posted by economic liberalisation, socio-economic problems, which relate to widely spread poverty, unemployment, inequalities, vast population, illiteracy, inflation etc. Therefore, here both state and non-governmental agencies have to work to offer consumer protection and maintenance of balance. In this, consumer education and the role of consumer organisation in creating suitable public opinion assume considerable significance.

In recent years several new issues have come up, which are to be considered with consumer policy. Thus, the consumer movement is now not limited to consumer protection to quality, safety and choice of goods and commodities, market information regarding price and supply etc. Now, certain issues have also become important for the consumer organisations such as protection of environment, challenges posed by the process of economic liberalisation, the quality of life of citizens, social responsibility in other areas of life such as housing, education etc, fulfillment of needs of all, use of media, competition of multinational corporations with domestic companies etc. The trend is, therefore, changing from 'value for money' to 'value for people'. Now evaluation of products and producers is based on these additional criteria, i.e., Ethics, Ecology and Equity. The consumer movement has, now to act accordingly.

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## **7.7 LET US SUM UP**

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The socio economic factors posed several problems and issues such as abnormal increase in population paving way for high demand for essential goods and services, ever increasing unemployment problem, low adult literacy, rise in inflationary trend, etc. The above all led to opening of the global economy in the form of Economic Liberalisation, Globalisation and Privatisation. The consumer movement on the one had raised the concern for protection of consumer interests and outcome of power of consumer boycott on the other side. The consumer movement has also highlighted the changes required in the trends of consumer movement.

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## **7.8 KEY WORDS**

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- Poverty line** : It is a criteria to locate people living in extreme poverty condition, India's official poverty line in 2014 was 972 (US\$ 14) a month in rural areas and 1407 (US\$ 21) in a month in urban areas, World Bank in 2015 defined that people earning below \$1.90 per day were living below poverty line. The criteria may change from time to time.
- Third World** : The countries which are underdeveloped in terms of industrialisation, urbanisation and GNP and are in general, former colonies, are collectively known as Third World.
- Disguised Unemployment** : It is that situation in which people are found to be apparently engaged in work but if many of them are withdrawn the same work will continue to be done by the remaining people.

**Unemployment Rate** : The unemployment rate measures the number of people actively looking for a job as a percentage of the labour force.

**Surface Area** : Surface area is a country's total area including areas under inland bodies of water and some coastal waterways.

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## 7.9 SOME USEFUL BOOKS AND REFERENCES

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- 1) Aaker, D.A. & Day, G.S., *Consumerism Search for the Consumer Interest*, New York: The Free Press, 1974.
- 2) Antony, M.J., *Consumer Rights*, New Delhi: Hind Pocket Books Private Limited, 1995.
- 3) Arora, R., *Consumer Grievances Redressal*, 1st Edition Manak Publications. Pvt .Ltd., 2005
- 4) Arch, W. T., *Consumer Problems*, New York: McGraw Hill Book Company, 1952.
- 5) Chaharr, S.S., *Consumer Protection Movement in India Problem and Prospects*, New Delhi, Kanishka publisher, Distributers.
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- 8) Sethi, Mohini & Setharaman, P., *Consumerism: A Growing Concept*, New Delhi: Phonic Publishing House, 1994.
- 9) Chandra, Jag Parvesh, "Consumer Want their Money's Worth", Asian Consumer Cooperative News, (July 1996).
- 10) Choudhry, Rajendar, "Consumer Protection Act: The Cornerstone of Consumer Movement", Employment News (22-28 December 2007, New Delhi).

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## 7.10 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

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### Check Your Progress 1

- 1) In 1970s; in the wake of shortages of goods and growing adulteration.
- 2) Poverty, Population, Unemployment, Illiteracy, Inflation, Economic Policies etc.
- 3) i) Voluntary movement  
ii) Democratic movement

### **Check Your Progress 2**

- 1) The consumer is unable to check the quality of goods. He faces problems of shortages, has insufficient knowledge of products and services and is unable to protect and contest individually.
- 2) Public opinion disseminates information; helps create awareness, checks producers and providers of services to the consumers.
- 3) Lack of unity among consumers is a major problem in organising boycott programmes by the consumer organisations.

### **Check Your Progress 3**

- 1) 'Green Consumer' means a consumer who takes care of environment, conservation of resources and prevention of pollution while consuming goods.
- 2) Growth of consumerism, threats to environment, threats to cottage industry and small-scale production, effects of advertisement on consumption habits.
- 3) The consumer movement in India has to address to the challenges posed by the process of economic liberalisation and subsequent opening up of the rural markets by all powerful multi-national corporations, to high pressure merchandising.



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# UNIT 8 CONSUMER MOVEMENT IN INDIA

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## Structure

- 8.1 Objectives
- 8.2 Introduction
- 8.3 History and Growth of Consumer Movement in India
  - 8.3.1 Consumer Protection in Ancient Times
  - 8.3.2 Development of Co-operatives
- 8.4 Consumer Movement in the Modern Era
  - 8.4.1 Stages of Development of the Consumer Movement
  - 8.4.2 Some Important Consumer Organisations
- 8.5 Achievements of the Consumer Movement
- 8.6 Future Tasks/Challenges Ahead
- 8.7 Let Us Sum Up
- 8.8 Key Words
- 8.9 Some Useful Books and References
- 8.10 Answers to Check Your Progress Exercises

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## 8.1 OBJECTIVES

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After studying this unit, the learner shall be able to:

- trace out the development of consumer movement in India from Ancient period to the present modern period;
- learn the basic reasons and the factors, which encouraged the consumer movement in recent years in India;
- understand the difference between the development of consumer Co-operatives and the Consumer Movement
- explain a few important Consumers' Organisations and their role in consumer movement; and
- examine the achievements of the consumer movement, challenges ahead and tasks for the future, etc.

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## 8.2 INTRODUCTION

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Consumer movement indicates the collective power of consumers to take the human society forward with regard to awareness, education, buying behaviour in the market and its emancipation from the malpractices of the producers and sellers of goods and service providers. In Unit 1 you were introduced to the origin and growth of the consumer movement and to the history of consumer movement in the world. It showed how the early development of consumer

cooperatives in 1930's initiated the present consumer movement in India. In Unit 8 an attempt has been made to trace the history of consumer movement in India from the Ancient period to the early development of consumer cooperatives and finally to the formation of consumer associations and organisations. It is a fact that some consumer organisations and their role has brought far reaching changes in the behaviour of the consumers in India, yet there are challenges and tasks ahead for the future. This unit ends up with some important suggestions to further strengthen the consumer movement in future in India.

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## **8.3 HISTORY AND GROWTH OF CONSUMER MOVEMENT IN INDIA**

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In Ancient India consumers were provided protection by the rulers as it was a part of Ancient culture and the administration was serious about it. But this old culture could not stay more because of heavy commercialisation of activities of the society. As in Europe, in India also the consumer cooperatives were originally formed which ultimately gave rise to consumer movement.

### **8.3.1 Consumer Protection in Ancient Times**

Ancient history tells us that in India there were enough provisions for consumer protection. Ancient culture recognised the importance of protection of consumers. 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 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 six days and silken, woollen or embroidered in seven days. Failing this they had to pay fine.

Weights and measures that were used by the business community were supervised by the Superintendent of Commerce to ensure the consumers that they are not cheated in this regard. For shortfall in weighing/measuring, sellers were fined heavily. Weights and measures used in trade were manufactured only by the official agency responsible for standardisation 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.

In the remembrance of Ancient periods, where, it is believed, consumers' welfare was of the utmost priority for the rulers, the people in different parts of the country celebrate even today, in various ways, the dates dedicated in this regard. '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 neither there were shortages or malpractices in weights or measures and nor excessive advertisements.

### **8.3.2 Development of Co-operatives**

A Cooperative is an autonomous association of people united voluntarily to meet their common economic, social and cultural needs and aspirations through a

jointly owned and democratically controlled business. The development of consumer cooperatives in India may be divided into three phases, Phase I, II and III.

### **Phase I**

Consumer cooperatives are enterprises owned by consumers managed democratically, aiming at fulfilling the needs and aspiration of the members. The consumer cooperatives operate the market according to the cooperative principles. The starting point of the consumer movement was the development of consumer cooperatives in the world including India. It is understood that Consumer Cooperatives have been successful, to some extent, in breaking the monopolies of sellers of goods and commodities and of service providers, and in eliminating some of the unfair business practices such as short weighing and measuring, massive profiting, unfair and unreasonable prices, supply of inferior goods against high prices etc. This role of cooperatives has also helped lower income groups of the society. These cooperatives have also undertaken the task of consumer awareness and their education and safeguarding the other interests of their members and also of other low income consumers. However, cooperatives perform certain services, particularly, for their members or for themselves. They do not provide much help to people who are not their members. There is no doubt that they have replaced private enterprises in certain areas but they cannot be taken at par with 'Consumer Movement' because this movement takes steps in the interest of all classes of people, irrespective of certain persons or classes.

Consumer Movement activities have been directed towards improving business practices to help the consumers in general. These activities may be with or without the government aid. Consumer movement has its own independent position without any kind of pressure of individuals or groups. It can be successful only under these circumstances.

In consumer oriented marketing system, the role of consumer cooperatives is of utmost significance as it has achieved commendable success in certain European countries. It has proved as a counter force against the traditional marketing mechanism and has served the interests of the consumers in various ways. Encouraged by this governments of many countries including India emphasised consumer cooperatives. While the first consumer cooperatives in Great Britain and the USA came up in 1844, in India there was not much development till 1962. The first consumer cooperative store in India came up in Madras in 1904. However, the proper appearance of consumer cooperatives 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**

A long span of Second World War, from 1939 to 1945, created scarcity of goods and commodities as during that period, the producers were reluctant to manufacture consumer goods. This gave impetus to increase the number of consumer cooperatives, which again rose to 396. But the following factors stopped their smooth functioning:

- 1) Lack of suitable management;
- 2) Widespread corruption in the market;
- 3) Low salaries and remuneration of staff; and
- 4) Insufficient storage facilities.

However, after independence of the country, their number rose to 9674 with a membership of 19 million persons. The annual sale turnover of these consumer cooperatives was also recorded as high as Rs. 76 million.

### Phase III

A setback to the cooperative movement was seen in 1951–52 on account of decontrol and detrainning. In 1960, an all India seminar on consumer cooperatives was held in Bombay for a critical appraisal of the entire of scenario. From the third Five Year plan onwards, there has been much emphasis on the development of consumer cooperatives by the government to make them viable. In 1975–76, Rs. 5.5 crores were invested for consumer cooperatives in accordance with the 20 point programme. Consumer cooperatives 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 cooperatives. In the distribution of consumer goods the cooperatives under PDS 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. The number of very active consumer cooperatives, excluding village societies, is about 12 thousand with a membership of more than about 40 million.

The cooperative movement treaded its path among the consumers but this movement did not provide measures for consumer protection as have been enforced in the modern times. The consumer movement made its presence for the first time in India in 1960 when a large number of consumer organisations came into existence. These organised consumer groups have done a lot of exercise to strengthen the consumer movement in the present times.

### Check Your Progress 1

- 1) Tick mark the following statements True (T) or False (F)
  - a) In the ancient period, consumer was the “King”. (T) (F)
  - b) Cooperatives and consumers organisations are one and the same thing. (T) (F)
  - c) Cooperatives came up after the start of the consumer movement. (T) (F)
  - d) Government of India has always encouraged cooperatives. (T) (F)
  - e) In the Second World War period the number of consumer cooperatives increased. (T) (F)
  - f) The cooperative movement provided protection of the modern type to the consumers. (T) (F)

2) Describe briefly how cooperatives have helped in consumer protection.

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3) Describe briefly the role of consumer Cooperatives in consumer oriented marketing system.

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### 8.4 CONSUMER MOVEMENT IN THE MODERN ERA

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In the west, consumer movement in the present form came into being in 1930's. However, in India it came into force in the 1960's. The basic objectives of consumer movement world-wide are as follow:

- 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;
- To provide help to the consumers for the redressal of their grievances against the sellers or producers.

In the west, consumer movement was the result of post industrialisation affluence for more information about the merits of the competing products and to pressurise producers, particularly, for new and more sophisticated products. However, in India, the basic reasons for the consumer movement have been:

- Scarcity of consumer products and inflation of early 1970's;
- Black marketing;
- Limited product choice due to lack of development of technology; and
- Thrust on availability of commodities, their purity and reasonable prices.

In recent years, the following factors have given impetus to consumer movement in India:

- Adulteration: adding or subtracting some substance from the product, which alters the quality of respective product;
- Practice of short weighing or measuring consumable items in the market;
- Supply of sub-standard quality of goods and services to the consumers;

- Massive profiteering : Producers or sellers create artificial shortage of commodities and thereby they force the consumers to pay more, to earn huge profits;
- Unreasonable price charged by the sellers at the time of crop failure and thus, the exploitation of the consumers;
- Evil practices of Multinationals; and
- Imitation manufacture: sub-standard goods carrying popular brand names or similar brand names are frequently sold in the market, which has impaired the faith of the consumers.

On the one hand the above malpractices in the market and on the other increasing awareness and education of consumers, organised efforts of the consumer welfare societies and influence of the leaders of consumer movement have stimulated strongly the consumer movement in India.

#### **8.4.1 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 is a struggle against bad business practices, which always think more profit ignoring fairness in business transactions.

The first stage of consumer movement was more representational in nature i.e. to make consumers aware of their following rights:

- The right to fair leading;
- The right to have satisfactory quality goods;
- The right to know the fair price of the commodities;
- Right to information of retail price of essential commodities;
- Right to know the date of expiry;
- Right to select or choose the goods of choice;
- Right to be heard in case of exploitation by the sellers;
- Right to be consulted; and
- Right to redressal of grievances of the consumers by the producers or sellers of goods.

These rights were communicated to the consumers through speeches, articles in newspapers and magazines and holding of exhibitions.

The second stage was direct action i.e. boycotting of commodities and goods, picketing, demonstrations etc. but direct action is not an easy task as it has its own various limitations.

The third stage, which has become more popular, is the constitution of well 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 cooperating 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. This Act promotes and protects the rights of the consumers such as:

- The right to be protected against marketing of goods which are hazardous to life and property;
- The right to be informed about the quality, quantity, potency, purity standard and price of goods to protect the consumers interests against unfair trade practices;
- The right to seek redressal against unfair trade practices or exploitation of the consumers;
- The right to be heard and to be assured that consumer interests will receive the due consideration etc.

The Act of 1986 provides for setting up of Consumer Protection Councils at the Centre and State levels, for redressal of consumer disputes. To provide steady and simple redressal to consumer disputes, quasi-judicial machinery has been set up at the District, State and Central levels. The quasi-judicial bodies observe the principles of natural justice.

#### **8.4.2 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 cooperatives was the 'Triplicane Urban Cooperative 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 stated testing and reporting the quality of items of daily use of foodstuffs and handling consumer complaints. It has eight 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 Service 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 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 at 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 interventions is against the governments and public cooperations. 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 cooperative 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 publications and runs a network of 45 complaint centres. 'Consumers Forum' is another important organisation started in 1980 in a small form in Udupi 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 TVs.

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 authorise 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.

Some individual consumer activists 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 contract 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 bodes 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, Odisha 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 forming these apex bodies is networking of consumer groups coming together for a common cause.

These and several other Consumer Organisations have contributed a lot towards Consumer education and protection of their rights and to promote their welfare.

**Check Your Progress Exercise 2**

- 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) .....
- 3) Give any two factors, which stimulated the consumer movement in modern times.
- i) .....
- ii) .....

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## 8.5 ACHIEVEMENTS OF THE CONSUMER MOVEMENT

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The achievements of the consumer movement in India are varied. Particular mention may, however, be made of the following:

- Emphasis is now given to the consumer education by the government and social organisations in various ways.
- The study on Consumer Protection has been incorporated in the courses at different levels in schools and colleges. In law and business management courses full-fledged courses have been introduced at degree and post-graduate levels in various universities and institutes of eminence in India.
- Some significant changes have taken place in the provisions laid down by the business organisations and associations, which have recognised the concept and consumer welfare.
- Consumer grievance cells have been set up by large business organisations for the redressal of grievances of the consumers on their premises. For example, 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. It deals with complaints relating to hawkers, railways, insurance, pensions and related matters. In the long run, it will cover all the ministries. The nationalised banks are observing 15<sup>th</sup> of every month as the: 'Consumer 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 India 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.
- Representation is now given to consumer organisations on the policy making bodies of governments and Advisory/Welfare Committees of business organisations and the service sector. Central and State governments,

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 which relate to their welfare in general.

- Doordarshan is telecasting a fortnightly programme named as “SANRAKSHAN UPBOKTA KA” and the all India Radio as “JAGO GRAHAK JAGO” to increase awareness of consumers.
- The ministry of civil supplies has instituted a National Award named as “National award for Consumer Protection”. This award is for the voluntary consumer organisations for their outstanding work in this field.

### **SOME LEADING CASES:**

#### ***Synco Textile Pvt. Ltd. v. Greaves Cotton & Co. Ltd.*<sup>1</sup>**

*The National Commission observed that the main determinates of the character of a transaction – whether it is for a commercial purpose of purchase/sale in the name from or after conversion and direct nexus with profit or loss. Thus, buyers of goods or commodities for self-consumption in economic activities in which they are engaged for release shall make transaction for commercial purpose.*

#### ***Kody Elcot Ltd. v. C.P. Gupta*<sup>2</sup>**

*The complaint who was a medical practitioner claimed that he had purchased an ultrasound scanner and the same had stopped functioning within a short period of time. The supplier pleaded that the complaint was not a consumer in that the scanner was purchased for the purpose of his professional work and that he was making profit out of it. But the complaint claimed that it was being run by his personal skill and to earn his livelihood.*

*The National Commission held as follow:*

*The question of profit was not relevant. The question to be seen was whether the goods purchased by consumer were being used by himself. The appellant had not led any evidence to the effect that the complaint was not personally using the unit. On the other hand, from the affidavit of the complaint, it was clear that the scanner was used by him by his skill for earning his livelihood. Hence, he was a consumer. The supplier was directed to refund its price.*

#### ***Barsad Ali v. Managing Director*<sup>3</sup>**

*A ration shop supplied a ration card – holder rapeseed oil adulterated with known toxic adulterants. The complaint, his family, as a result of that rapeseed oil consumption suffered severely. He was attacked with paralysis of lower limbs and in spite of prolonged treatment he did not recover fully.*

<sup>1</sup> 1991 CPJ 499 (NC)

<sup>2</sup> 1996, CPJ 7

<sup>3</sup> 1993, CCJ 476

*His wife, in spite of medical treatment, was not able to carry on her ordinary avocation as housewife because of ailment. His two daughters and a son, all growing children were also affected and medical report was that they had severe attack. Their education carrier was doomed. Rs. 1,50,000, awarded to complainant, Rs. 50,000 for his wife and Rs. 25,000 for each children from the decision by the National Commission.*

**Maina Devi Bairlaia v. Life Insurance Corporation of India**

*In this case Maina Devi husband took a life insurance policy for Rs. 50,000. Before the second premium fell due, he died due to sudden illness. The claim made by Smt. Maina Devi, the widow of the insured, was not entertained for as long as 14 years. It was only when she got her miseries published in newspapers and certain MPs took up the matter in Parliament that she was sent a cheque for Rs. 50,310.*

*On a suit before National Commission, it was held that the Corporation had been highly negligent in the performance of its services. Smt. Maina Devi, the complainant, had suffered hardship and loss on account of deficiency in service. She was held entitled to interest @ 12% p.a. from the date of expiry of 3 months from the date of death of the assured till the amount was paid to her. The commission also awarded her compensation of Rs. 15, 000 for mental torture and harassment.*

**State Bank of India v. Ravendran Nair<sup>4</sup>**

*A demand draft of Rs. 98,000 was issued by the State Bank of Travancore on the State Bank of India, Surat. When presented at the drawee branch, the payment was refused on the ground that under the signature of one of the persons signing the draft (accountant), the capacity in which he signed the same was not mentioned. Held the refusal amounted to deficiency in service and the bank should be held liable for the inconvenience and consequent loss to the payee of the draft.*

**Union of India v. Nathmal Hansaria<sup>5</sup>**

*This case held that the railways are liable for deficiency in services when a person passing through the inter connecting passage way between two compartments of a train fell down resulting in death.*

**Station Manager, Indian Airlines v. Jiteswar Ahir<sup>6</sup>**

*In this case the National Commission held that removal of ladder while a passenger was disembarking, leading to injury to the passenger amounted to deficiency in service. The complainant after he was seated on the plane, was intimated by the announcement that part of his luggage was lying on the ground unidentified. He moved towards the door and finding that the ladder was in place, tried to get down. But before he could get his body on the ladder, the ladder was moved as a result of which he fell to the ground and sustained injuries. The passenger demanded compensation of Rs. 10 lacs from the Airlines. The Airlines was willing to pay Rs. 40,000 which was the maximum amount payable under the Carriage by Air Act,*

<sup>4</sup> LAW (NCI) 1992-8-52

<sup>5</sup> LAW (NCD) 1993-9-49

<sup>6</sup> 1996 (1) CTJ 108

1972. The state Commission ordered a compensation of Rs. 4 lakh and Rs. 1 lakh for mental agony and distress plus costs. The order of the State Commission was upheld by the National Commission.

***Mohindra Gas Enterprises v. Jagdish Poswal***<sup>7</sup>

*In this case (1992) it was held that registering for gas connection amounts to hiring of services. Reference was made to the Manual of the Indian Oil Corporation which states that an LPG customer gets continuing or recurring services like loan of the Corporation's equipment, delivery of refill cylinders, technical service for appliance or leakage of equipment, and so on. But, can a person be upheld as a consumer at the stage of registration or only when he signs subscription voucher and makes deposit for LPG connection. To this, National Commission observed as follows: Service as defined in sub-clause (o) of sub-section (1) of Section 2 means "service of any description which is made available to potential users". The consumer who hires a service has been defined in clause (ii) of Section 2(1) of the Act, according to which it is not necessary that consideration should be paid at the time of hiring of service. If the transaction is supported by consideration which has been paid or promised or partly paid or partly promised or under any system of deferred payment, even then it will be a valid consideration for the hiring of the service. The present case is one in which payment of part consideration was deferred till the gas connection was released. Hence, a person becomes a consumer of LPG right at the time of registration for an LPG connection.*

***Indian Oil Corporation Ltd. v. Venkataraman***<sup>8</sup>

*In this case, the State Commission as well as the National Commission held that the supply of a gas cylinder with a defective valve and the failure of the distributor's supply-man to check the defect at the time of delivery amounted to deficiency of service. Accordingly, the Indian Oil Corporation was held liable to compensate for loss of life and injury resulting from fire caused by the leakage from the defective valve. A sum of Rs.1,50,000 was awarded.*

***Nivrutti G. More v. Dr. Vinayak Deshmukh***<sup>9</sup>

*The failure on the part of a doctor leaving station without making competent alternative arrangements to attend to serious cases was held to be a deficiency of service. Consequently, doctor was held liable for the medicine administered by an unqualified person working as compounder resulting in death of the patient.*

***Sudha Devi Agarwalla v. Unit Trust of India***<sup>10</sup>

*In October 1993, Unit Trust of India had declared that master shareholders would be eligible for redemption of shares at the rate of 49.70 per share and that necessary documents for redeeming the shares should be filed between 1.11.1993 and 30.11.1993 if a shareholder wanted to redeem his shares. The complainant who had 14,300 shares lodged all the necessary*

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<sup>7</sup> 1993 (1) CTJ 108

<sup>8</sup> (NCDRC), F.A. Nos. 92 & 85 of 1992.1

<sup>9</sup> (1995) CCJ 981

<sup>10</sup>(1996) CCJ 1293

*documents against redemption value of Rs.7,10,710. There was delay in repayment of the redemption value of the shares. The State Commission ordered payment of Rs.7,10,710 plus Rs.2,60,000 as compensation and Rs.1,000 towards costs.*

With these achievements of the Consumer Movement in India, it is hoped that the consumer will soon be “The King in the Market”. After all, the efforts and sacrifices made by the eminent persons, groups and individuals to promote the consumer movement and to ensure their welfare will not go in-vain. A bright future of the consumers in India, which it is hoped will be free of their exploitation at the market place, is certain.

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## **8.6 FUTURE TASKS/CHALLENGES AHEAD**

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Though consumer movement has achieved commendable success in various spheres, yet there are several challenges and tasks for the future.

It is now three decades 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 2000 active organisations of consumers in existence, but all the cities and towns have not been covered. The rural areas where presently about 80 crore consumers 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 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, up-to-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 treatment, hair restoration treatment 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.

Further, the concern of consumer movement should also be to discourage racism, communalism, violence and conspicuous consumption. Violence is today (act, law or case or advertisement, environment) the real hero in most TV 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 3**

- 1) Fill in the blanks.
  - i) Schools and colleges are incorporating . . . . . in courses at different levels.
  - ii) Large business organisations have set up . . . . . on their premises.
  - iii) In India it is hoped that the consumer will soon be . . . . .
- 2) How are the consumers participating in policy decisions for consumer welfare?  
.....  
.....  
.....
- 3) Enumerate any two important challenges before consumer activist.
  - i)
  - ii)

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**8.7 LET US SUM UP**

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You have learnt that the protection to consumers was provided in the Ancient period. It was a part of culture and traditions at that time. 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 cooperatives at the beginning of the present century. The governments also encouraged the

development of Consumer Cooperatives. In general, cooperatives have been successful in halting abuses of the monopolies and improving conditions of the lower groups.

Consumer movement, in its present form in India, came into being 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 2000 active 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 established by important organisations and corporations. Consumers are represented on a number of consumer welfare committees set up by various organisations and the Central and State Governments.

However, challenges are there to seek a new vision of the consumer movement in India. This task has to be taken up by the consumer activists.

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## 8.8 KEY WORDS

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<b>Ancient Period</b>	: Period before the invasion by foreigners; i.e. about 800 years back.
<b>Kautilya Arthashastra</b>	: Writings of Chanakya describing in detail various strategies for administration and diplomacy.
<b>Consumer</b>	: Any person who purchases goods or hires services for self/family use.
<b>Consumer Protection</b>	: Safeguarding consumer interest.
<b>Consumer Movement</b>	: consumer cause pursued with mass base and organisation.
<b>Consumer Cooperatives</b>	: Voluntary associations of economically weak persons to eliminate middlemen and get advantage on a large scale.
<b>Consumer Organisations</b>	: Voluntary/non-government organisations of people to safeguard the interests of consumers.
<b>Achievements</b>	: Gains from the consumer movement.

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## 8.9 SOME USEFUL BOOKS AND REFERENCES

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- 6) Bhandari, Arvind, "*Consumer Movement Needs Expansion*," Tribune, 25.3.99, Newspaper.

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- 8) Stevan, Miles, "Consumer as a Way of Life," Sage Publication, London, Thousand Oaks, New Delhi.
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## 8.10 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

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### Check Your Progress 1

- 1) a) T      b) F      c) F      d) T      e) T      f) F
- 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.
- 3) In consumer oriented marketing system the role of consumer cooperatives is of utmost significance because it has proved as a counter force against the traditional marketing mechanism and has served the interests of the consumers in various ways.

### Check Your Progress 2

- 1) i) Opportunities to buy reasonably.  
ii) Protection against fraud, misrepresentation, unjust products etc.
- 2) i) Shortages of Consumer products and inflation.  
ii) Black marketing and lack of quality and purity of goods.
- 3) i) Adulteration and massive profiting by seller  
ii) Practice of short weighting and measuring.

### Check Your Progress 3

- 1) Fill in the blanks:
  - i) Schools and colleges are incorporating Consumer Protection in courses at different levels.
  - ii) Large business organisations have set up Consumer Grievances cells on their premises.
  - iii) In India, it is hoped that the consumer will soon be The King in the market.
- 2) Consumer organisations have been gain representation on policy making bodies of governments, Advisory and welfare committees of big business organisations and the service sector.
- 3) The challenges before the consumer activities are to ensure:
  - i) that the institutions set up for their protection work effectively.
  - ii) that the racism, communalism, violence and conspicuous consumption do not exist and the consumer movement is directed towards service to the people instead of just ensuring value for money for consumers.

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# UNIT 9 CONSUMER MOVEMENT: GLOBAL SCENARIO

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## Structure

- 9.1 Objectives
- 9.2 Introduction
- 9.3 Consumer Movement in America
  - 9.3.1 The First Phase
  - 9.3.2 The Second Phase
  - 9.3.3 The Third Phase
- 9.4 Consumer Movement in Europe
  - 9.4.1 UK
  - 9.4.2 Australia
  - 9.4.3 Other Countries
- 9.5 Consumer Movement in Asia : Japan
- 9.6 Consumer Movement in Developing/Third World Countries
- 9.7 Let Us Sum Up
- 9.8 Some Useful Books and References
- 9.9 Answers to Check Your Progress Exercises

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## 9.1 OBJECTIVES

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After studying this unit, the learner shall be able to:

- discuss the factors responsible for the emergence of consumer movement in various countries;
- describe the evolution of consumer movement in America;
- examine the role of women especially in Japan in creating awareness about the rights of consumers; and
- point out the differences well as similarities in the pattern of growth of consumer movement in different countries.

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## 9.2 INTRODUCTION

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In the past when manufacturing was carried on in small units and when the aim of commercial economy was to make guilds and villages a self sufficient unit the protection of consumers was a simple matter. In the medieval period trading operations were carried out locally and the producers, artisans and merchants had to build their reputation in production and fair dealings. With the introduction of machines and more efficient technology the situation has undergone changes. The rapid development of transport and communication system had led to the mobility of goods and services and variety of goods offered for sale made the control of the consumer over the quality and prices

of goods and services difficult. The various types of cheating and deceit are practiced by the business community and the consumers are persuaded to buy inferior products at high price. The highly developed art of advertising and salesmanship has made the matter worse and the confused consumers buys worthless products at a high price. In recent years the control of market in the hands of a few companies has left the consumer at the mercy of these companies. Such scrupulous practices followed by the manufacturers and sellers resulted in consumer movements in different parts of the world. In this unit an attempt has been made to present a brief picture of some of the important consumer movements of the world.

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## 9.3 CONSUMER MOVEMENT IN AMERICA

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The consumer movement, began in pre-thirties, as a result of rising prices, unethical drug scandals and other related factors. Upton Sinclair in his book — ‘The Jungle’ exposed shockingly insanitary conditions in the Chicago Meat Packing Plant, quack cures of tuberculosis and cancer. These factors contributed to consumer awareness.

### 9.3.1 The First Phase

The first phase of consumer movement began with protests and investigations. Two landmark laws namely Food and Drug Act and Meat Inspection Act — were enacted to protect the interests of consumers.

Many consumers became vaguely conscious of the increasing complexity of the economic system and high prices of many articles. As industry and commerce developed during the 20<sup>th</sup> century, pressure on consumer has adversely affected the balance of power between buyer and seller. American Home Economics Association sponsored a campaign for fiber identification on textiles in 1918. In 1927 Economist, Stuart Chase and an engineer from the American Standards Association F.J. Schlink wrote a book named ‘Your Money’s Worth’ about the activities of National Bureau of Standards, the organisation that test all goods supplied to government department and services. The book pointed out that due to the ignorance and indifference the consumers did not get their money’s worth from the goods they were purchasing. This was the beginning of an association named ‘Consumers’ Research’ from which, a splinter group evolved in 1935 by a close associate of Schlink named Arthur Kallet.

### 9.3.2 The Second Phase

The second phase of American Consumer movement was induced by factors like Great Depression and the Housewives’ strike. A tragic case of cosmetic use which led to blindness made the American Consumers more conscious of their rights. This phase provided a sort of ideological background to the consumer movement. A flood of protest literature hit the markets. The book— ‘Your Money’s Worth,’ sold over 1 lakh copies. Then, books like ‘1,00,000,000. (WO Guinea Pigs,’ ‘Counterfeit,’ ‘40,000,000 Guinea Pig Children,’ ‘Hal. Drink and 13e Merry’ etc. were read by millions who thus became conscious of their needs and problems. Thus, the origin of the consumer movement can be traced to this literature. They helped to broaden the grass-root support for a consumer movement.

The splinter group from Consumers’ Research formed in 1935 by a close associate of Schlink, Arthur Kallet, emerged as the Consumers’ union of the United States. Until 1957 the consumers’ union concentrated much of its effort

on the production of comparative test reports on consumer goods. Under the agencies of Dexter Masters, a journalist, the interest of the union had been broadened. The union fought to secure justice for the consumers from the business community's deceitful practices such as, setting cosmetics in jars with false bottoms, cereals in packets only three quarters full, and goods at odd weights and at odd prices. During the 1930s, there appeared many periodicals devoted to consumer problems. These included bulletins of the testing and rating agencies – 'Consumer's Research', 'Consumer's Union' and 'Consumer's Guide'. Consumers also sought help from the government. The first state consumer department was established in 1938.

This phase of consumer movement was marked by effective implementation of laws to protect consumer interest.

### 9.3.3 The Third Phase

The third phase of consumer movement began in 1960. It was less economic and more social in its orientation. It showed less concern for getting one's money's worth and paid more attention to legislation aimed at correcting the imbalance of power between the buyers and sellers. The best known leader and the most influential was Ralph Nader. His book, 'Unsafe at Any Speed' and his successful lawsuit against General Motors were responsible for National Traffic and Motor Vehicle Safety Act of 1966.

President Kennedy's message in 1962 that consumers have the right to safety, to be informed, to choose and to be heard, stirred the wave of consumerism with a greater intensity. Economists such as J.K. Galbraith, Vance Packard and Rachel Carson criticised the business community for their unethical approach to business vehemently. The increasing activism of certain sectors of the consumer movement has led to the formation of Splinter groups of the well established consumer Associations. Of these, the US consumerist Ralph Nader and his "raiders" have received greatest publicity. Nader applied his own individual style to consumer protection directing his campaigns mainly at particular manufacturers and their products. His successes have been achieved largely by the effect of adverse publicity on manufacturers rather than through courts. His group also has acquired single shares of the stock of large industrial Companies in order that it may monitor and, if necessary, criticise inside the operations and activities of these companies. The activities of these organisations have been extended to a wider field especially to the social, ecological and environmental problems affecting society. The growth of public interest groups in America has given a new dimension to the consumer movement. "Traffic and Motor Vehicle Safety Act, 1962, Wholesale Meat Act of 1967" were passed. The movement had been instrumental in changing the concept of Marketing where it is not the producers but the consumer became the focal point. A gradual shift from 'Caveat Emptor' to 'Caveat vendor' had been the marked characteristic of the decade.

After the US President, John F. Kennedy issued the "President's Message on Protection" in 1961, pro-consumer legislations were adopted with specific purposes relating to the availability of safe services as well as products, covering the areas of consumer credit protection, fixation of fair price, supply of perishable agricultural commodities, packaging and stocking of goods, alcohol administration, aviation etc. In this respect, the enactment of Consumer Product Safety Act of 1972 has been a landmark legislation. Before its enactment, the congressional findings had brought to the surface a poor state of consumer safety in America.

There were a large number of products in distribution which presented unreasonable risks of injury to consumers. The complexities of the products and their diverse nature had resulted in the inability of users to anticipate risks. The public was therefore to be protected against such risks of injury associated with consumer products and the control of risks by the State and local governments was to be made adequate. The Act provided, *inter alia*, for the establishment of the Consumer Product Safety Commission consisting of five commissioners appointed by the President, by and with the advice and consent of the Senate. The Commission has been made duty bound to maintain an Injury Information Clearinghouse to collect, investigate, analyse and disseminate information relating to the causes and prevention of death, injury and illness associated with consumer products. To the extent practicable and appropriate, the Commission has to assist public and private organisations and the groups of manufacturers, administratively and technically, in the development of product safety standards and test methods. The Commission was further expected to conduct research, investigation and testing of consumer products and on improving their safety. It is notable, that after 1962 very important legal developments took place in the United States to ensure special protection to consumers against adulteration, misrepresentation, labelling and other related matters. The Uniform Commercial Code<sup>1</sup> and the 1986 Restatement of Torts made a manifest shift in favour of consumer on and sale of the product and there exists no contractual relation between the consumer and the seller. Such a liability of the seller also exists with respect to his obligations arising under any advertisement, labels or misrepresentation of material facts regarding fitness of goods. Thus, in US the liability of seller to consumer for defective goods is irrespective of any proof of negligence on the part of the seller or contractual relationship between the seller and the consumer. The liability can be escaped by a seller only if he is not engaged in the business of selling the product in question or the product has reached the consumer with substantial change in its condition in which it was sold or the negligence of the consumer.

Government began to develop new consumer rules and corporations started creating their own consumer departments. Different groups like senior citizens, students, etc. started advocating legislation to promote their interests.

**Check Your Progress 1**

1) What were the factors responsible for the origin of the consumer movement in America?

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2) What are the distinct features of the 3 stages of the consumer movement in America?

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## 9.4 CONSUMER MOVEMENT IN EUROPE

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In European countries, the period of development in the consumer protection laws began during 1960s and their main purpose was to prevent trading abuses caused due to imbalance of power between the ordinary persons and the producers of goods and service providers.

In 1975, a specific programme for consumer protection was approved by the Council of Ministers of the European Economic Community.

The main objectives to be achieved included:

- a) Effective protection against hazards to consumer health and safety;
- b) Effective protection against damage to consumers' economic interests;
- c) Adequate facilities for advice, help and redress;
- d) Consumer information and education;
- e) Consultation with and representation of consumers in the framing of decisions affecting their interests.

In 1981, the council of ministers of the European Economic Community, to attain harmonisation in the common market and to unify the law relating to defective products adopted the EC Product Liability Directive which was issued on July 25, 1985. It was recognised that the varied levels of protection afforded to consumers in different countries could distort the movement of goods in the common market. So the Directive was issued to implement, throughout the common market, a strict liability system of compensation to consumers for death, personal injury or damage to property due to defects in products. The system introduced by the Directive, which supplemented the national laws, sought to prescribe minimum rights of consumers, upon which they could rely and the producers could be held responsible.

### 9.4.1 UK

The common law in England has provided certain safeguards to the buyers. Many of these laws have been incorporated in legislation. England's Sale of Goods Act, 1893 is one of the good examples. The Act states that "whenever a buyer, expressly or by implication, makes known to the seller the particular purpose for which the goods are required, there is an implied condition that the goods sold shall be reasonably fit for such a purpose". The English Food and Drugs Act of 1872 dealt mainly with adulteration of food and drugs. The scope of Act has been enlarged from time to time to cover safety and risk. The British Standard Institute was set up in 1901 for the convenience of manufacturers so that one manufacturer's goods could be used in conjunction with another's as in the standardisation of electrical fittings.

Consumer movement in England began in a real sense only after the Second World War. The British National Standard Institute played a significant role in arousing interest of the consumers in 1925. Many consumer magazines and shoppers' guides were published to educate the consumers. Consumer Associations came into existence to expose undesirable as well as defective products.

Dorothy Goodman, an American living in London along with Ray Goodman and Michael Young, founded the Consumers' Association first called the 'Association for Consumer Research' in 1956.

Before the commencement of the modern consumer movement, the consumers had to depend upon the ordinary remedies for defective products under the following:

- a) Laws relating to implied conditions and warranties, requiring the goods to be true to their description, of merchantable quality and fit for the buyer's purpose;
- b) Guarantees of after sale service; and
- c) The advertisements in the form of contractual promises.

In 1962, the Report of the Royal Commission on Consumer Protection, known as the Malony Report, explained the liability of the manufacturer to the consumer, both under the principle of collateral contract as well as the victim of deception induced to buy goods by offering guarantee. Afterwards, Lord Pearson Commission in 1973, recommended applications of strict liability to consumer sales.

Following the new thinking on the subject, the consumers were given a wider space to breathe by the Unfair Contract Terms Act, 1977 and the Consumers Transactions (Restrictions on Statements) Order, 1978, which excluded the possibility of exempting the supplier from liability under any express terms in the contract by making such terms non-applicable to consumer goods, i.e., goods of type ordinarily supplied for private use or consumption'. Later, when the EC Directive of 1985 made the product liability strict, the Consumer Protection Act, 1987, giving effect to the Directive, adopted the same approach making the producers, jointly as they are severally liable to consumers. Food Safety Act, 1990 is another very significant Act, under which directions can be issued at any time for the safety of consumers, whenever found necessary. Besides all these statutory developments, the remedy under law of torts continues to be available to consumers and this has been expressly provided under Section 6 of the Consumer Protection Act, 1987. So far as the advertisement is concerned the advertising industry has imposed some conditions on their works. In Britain the Department of Trade and Industry has been given some powers to check misleading advertisement under the Merchandise Works Act. Of course, the advertising industry itself prefers to control its members voluntarily. The Britain's Independent Television Authority (ITA) has formulated strict policy for advertisement.

The ITA has listed unacceptable products and service regulations involving methods of television reproduction, wording and advertising of Guarantees and the enforcement of prices and other offers. So far as controls on sale method is concerned some regulations have been made. Door to Door Selling Act in Britain leaves buyers free to withdraw from contracts signed in their own home within a period of four days.

#### **9.4.2 Australia**

In Australia the first Anti-Trust legislation was passed in 1906. The Australian Industries Preservation Act was based on Sherman Act of the US.

In 1963 another Act passed following the Restrictive Trade Practice Act, 1956 of the U.K. This Act provides very strong legislative measures to promote efficiency and competition in business to control restrictive trade practices and to protect consumers from unfair trade practices. It prohibits contracts, arrangements and understandings in restraint of trade Monopolisation, exclusive dealing, resale price maintenance, price discriminations and mergers. It also prohibits misleading or deceptive conduct, false representation, bait advertising, referral selling and supply of hazardous and risky goods which do not comply safety standards.

### 9.4.3 Other Countries

In 1957, there was consumer revolution in Denmark, Federal Republic of Germany, Switzerland, Japan, Kenya, France, Hungary, Italy, Canada and Belgium.

Press campaigns in favour of the consumer in these Countries played a significant role in the creation of the concept of consumerism. Women's organisations in these countries have played a main role of the consumer movement.

The Australian movement was independent and received no government money. A Local Consumer Movement existed in leading Australian cities. New Zealand Consumer Institute, on the other hand, was supported with government finance.

In April 3 1960, the IOCU (International Organisation of Consumer Union) now known as C.I. (Consumer International) was launched at a conference in Hague. The charter members were the 'Consumers Union of U.S. Inc', 'Consumers' Association', London, 'Australian Consumers' Association', 'Consumers' Bond', The Hague and 'The Association des Consommateurs', Brussels. The Consumer International became an authenticating body which would admit to membership only those organisations which accepted no income from advertising and were financially supported either by consumers or government. It stimulated interchange of techniques, testing results and educational material among its affiliates. It also started to assist consumers in less developed countries.

Except for Belgium and Netherlands, European Consumer Organisations have followed the pattern set by Scandinavian Countries and Britain or the U.S. In Norway, plenty of government grants are given to consumer organisations. The main testing agency also handles complaints and publishes a monthly consumer magazine. An Institute of Informative Labelling has been established in Norway to foster growth of quality mark. In Denmark, consumer activities are divided between a govt., operated Household Advice Centre and a Consumer Testing organisation supported by members, other organisations and the government. The most notable of the East European efforts is Austria's 'Verbraucher-Konsumcenter'-Information Centre which issues a monthly testing publication and operate as a demonstration centre for consumer guidance.

### Check Your Progress 2

- 1) List out the 3 main consumer legislations of England.

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## 9.5 CONSUMER MOVEMENT IN ASIA : JAPAN

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The organisation in Japan differs considerably from that of other countries. First, it is extensive and increasingly well organised particularly in consumer boycott activity. Second, it is largely made up of women. 500 housewives groups, for example, comprise the biggest organisation called ‘Shufuren’. Its quarterly magazine keeps the members informed of policy decisions. It also shows the list of manufacturers black listed. ‘Shufuren’ is active in product testing as well as in boycotts. The organisation lays stress on organised activity. It is working well with its co-ordinated efforts in many fronts.

In Japan the Anti Monopoly Act was enacted in 1947 which was amended in 1977. The Act seeks to stop private monopoly and maintain Fair Trade. The Act has sought to prevent excessive concentration of economic power by prohibiting formation of any holding company or operation of any company as holding company. The Act has made provision to check acquisition of business assets or management of another company, mergers of directorship. Chapter V deals with provision against price discrimination imposing undue conditions etc. It also attempts to protect the interest of the consumers from misleading advertisement, representation, prize competition etc.

There are also some Acts like Marine Transportation Act, 1949, Export and Import Act, 1952, Small and Medium Sized Enterprise Organisation Act, 1957 and Act Against Unjustifiable Premiums and Misleading Representations, 1962, to deal with the problem of monopolies, restrictive and unfair practices. The consumer protection organisations in Japan frequently files complaint on the basis of the Anti Monopoly Act. Hence this Act may be marked as landmark in the history of consumer protection in Japan.

In 1961 Japan Consumer Association came into existence. In 1964, the ‘Livelihood-School Movement’, a voluntary and decentralised local and central activity as before, was inaugurated. In every elementary school district, groups of 50 to 100 housewives formed ‘Livelihood Schools’ to have meetings and discussions of problems and inviting producers, officials, scholars, etc. This created awareness about the consumer movement and moved local governments to establish consumer affair offices.

An important event in the history of consumer movement in Japan was the agitation in September 1970 against double pricing system and boycott of colour televisions. The agitation was successful and the prices were slashed.

### Check Your Progress 3

- 1) What was the role of women in the Japanese consumer movement?

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## 9.6 CONSUMER MOVEMENT IN DEVELOPING/ THIRD WORLD COUNTRIES

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Poverty and lack of education were the main reasons for the late start of consumer movement in the third world countries. The trend of enacting consumer

protection laws spread over to other countries like Thailand, Srilanka, Korea, Mangolia, Phillipines, Mauritius, China, Taiwan, Nepal, Indonesia, Malaysia and other countries. The enactments of these countries provide protection to consumers by establishing redressal mechanisms, prohibition of misleading advertisements and labelling, right to receive information as to quality of goods and services, freedom of choice, compensation for injury and providing of funds to support consumer education and consumer awareness.

Credit for starting consumer movement in the Third World goes to C.I- (formerly known as IOCU) which by 1964 decided to broaden its vision beyond consumers in the West. Asia, Latin America and the Caribbean were the first among Third World regions to invite its attention. Remarkably in 10 years it encouraged organisations to come up in India, Iran, South Korea, Malaysia, Pakistan and Singapore. C.I. set up a Regional Office for Asia and Pacific in 1974. Under the able leadership of Anwar Fay.al, who later became the first President of CI from the Third World. Things moved a little slow in Latin America and the Caribbean. It took 23 years to set up a Regional office for Latin America and the Caribbean. Finally, it was set up in 1987 in Monte Video, Uruguay. In the meantime, C.I. spread its wings to Africa. Through several conferences in different parts of Africa, a congenial environment was created for starting several consumer organisations in the region,

#### Check Your Progress 4

- 1) What is the contribution of Consumer International in starting consumer movement in the third world countries?

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### 9.7 LET US SUM UP

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The United States of America was the first country in which resentment of its people against the malpractices of business community was voiced openly in the beginning of this century. It was mainly the protest writings which were responsible for the origin of consumer movement in America. Comparative analysis of products by brand name and information to the people were the main activity of consumer activists and organisations. Soon consumer movement spread to the other countries in Europe, Asia, Pacific. Africa and the U.S.

In Europe, a number of coordinating efforts are visible and observable.

In Asia. Japan assumed leadership in the field of testing. In Japan the consumer movement initialed and supported by women concentrated on problems of basic essentials of everyday living.

In developing countries the spread of consumer movement has been very slow. Also the problems relating to poverty, ignorance and illiteracy require more of awareness campaign, education programmes and strong government support. People must be encouraged and mobilised to form consumer organisations because, otherwise, it cannot turn into a mass movement.

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## 9.8 SOME USEFUL BOOKS AND REFERENCES

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- 1) Encyclopedia of Social Science.
- 2) Encyclopedia Britannica.
- 3) Uniform Commercial Code (official text) 1962, 2-318.
- 4) Restatement of Torts (2<sup>nd</sup>) 1986, para 4Q2A.
- 5) Tsuneo Matsumoto, “Consumer Protection in Asian Countries” in Naoyuki Sakumoto, Masayuki Kobayashi and Shinya Imaizumi (Ids.) Law, development socio-economic changes in Asia, Series No. 3,53-79(2003).
- 6) Dr. N.K. Indravan “Control of Poverty through prices regulation Laws, 3IJS 10 (1978).
- 7) Philip Kotler, *Principles of Marketing*, p.712.

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## 9.9 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

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### Check Your Progress 1

- 1) The consumer movement, which commenced in pre-thirties, as the outcome of rising prices, un ethical drug scandals and other related factors. Upton Sinclair in his book — “The Jungle” exposed shockingly insanitary conditions in the Chicago Meat Packing Plant, quack cures of tuberculosis and cancer led to drug scandals. These factors contributed to consumer awareness.”
- 2) The first phase of consumer movement began with protests and investigations. Two landmark laws namely Food and Drug Act and Meat Inspection Act— were enacted towards protecting the interests of consumers. Many consumers became vaguely conscious of the increasing complexity of the economic system and high prices of many articles. As Industry and commerce have developed during the 20<sup>th</sup> century, pressure on consumer have adversely affected the balance of power between buyer and seller.

The second phase of American Consumer movement was induced by factors like Great Depression and the Housewives’ strike. A tragic case of cosmetic use which led to blindness made the American Consumers more conscious of their rights. This phase provided a sort of ideological background to the consumer movement. A flood of protest literature hit the markets.

The third phase of consumer movement began in 1960. It was less economic and more social in its orientation, it showed less concern for getting your money’s worth and paid more attention to legislation aimed at correcting the imbalance of power between the buyers and sellers.

### Check Your Progress 2

- 1) Consumer movement in England began in a real sense only after the Second World War. The British National Standard Institute. Played a significant role in arousing interest of the consumers in 1925. Many consumer

magazines and shoppers' guides were published to educate the consumers. Consumer Associations came into existence to expose undesirable as well as defective products.

### **Check Your Progress 3**

- 1) The consumer movement in Japan is largely made up of women. 500 housewives groups, for example, comprise the biggest organisation called 'Shufuren'. Its quarterly magazine keeps the members informed of policy decisions. It also shows the list of manufacturers black listed. 'Shufuren' is active in product testing as well as in boycotts. The organisation lays stress on organized activity. It is working well with its co-ordinated efforts in many fronts.

### **Check Your Progress 4**

- 1) Credit for starting consumer movement in the Third World goes to C.I. (formerly known as IOCU) which by 1964 decided to broaden its vision beyond consumers in the West. Asia, Latin America and the Caribbean were the first among Third World regions to invite its attention. Remarkably in 10 years it encouraged organisations to come up in India, Iran, South Korea, Malaysia, Pakistan and Singapore. C.I. set up a Regional Office for Asia and Pacific in 1974. Things moved a little slow in Latin America and the Caribbean. The regional office was set up in 1987 in Monte Video, Uruguay. In the meantime, C.I. spread its wings to Africa. Through several conferences in different parts of Africa, a congenial environment was created for starting several consumer organisations.

