
UNIT 7 CONSUMER MOVEMENT: FEATURES, ISSUES AND TRENDS

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7.1 OBJECTIVES

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

- understand the various factors influencing the consumer movement in India;
- understand the future directions in which the consumer movement is visible, subsequently to various economic and environmental issues;
- traceout the economic and social factors leading to the specific problems that consumers face in India;
- identify the role of consumer organisations in tackling the problem of consumers; and
- examine the various features of consumer movement.

7.2 INTRODUCTION

India is a vast country with a population of over 1.21 billion as per census 2011. This population is spread over 3,28,7,260 sq. kms. surface area about 65 per cent of this population resides in rural areas and the rest in urban areas. Of the population, about 25 per cent lives below the poverty line. The purchasing

power of this population is very poor and it fulfills its basic needs from the local markets. Thus, the people who come in this category are not the part of main marketing system. In rural areas, the main occupation of the people is agriculture, which gives very low income to them. The rural community is isolated, illiterate or their level of literacy is quite low, unaware and homogeneous. It is the main reason of their backwardness, economically and socially. Their behaviour is traditional, spontaneous, uncritical and personal. Thus, they are not concerned with changes that take place in the markets. For them there is no legislation to safeguard their interests. Only the people who live above the poverty line are concerned with commodity-prices and other conditions prevailing in the markets.

Till 1970, the average Indian consumer was not seriously concerned about the problem of rising prices or shortages. Statutory rationing schemes providing a certain quantum of supply of food grains and other commodities at fixed prices provided insurance against vagaries in supplies and fluctuations in prices. The money in circulation was also limited and therefore, inflation was under check. However, after 1972, things started looking grim. There was unexpected shortage of everything from foodgrains to toilet soaps. Adulteration was the order of the day. Consumers began to feel the need to organise themselves into pressure groups to voice their grievances. A few groups here and there emerged as spokespersons for the consumer community. The groups identified the weaknesses in the system, examined their rights and the position of the consumers in the existing legal framework.

The Public Distribution System (PDS) meant to supply essential commodities to consumers in the rural and urban areas was the first area of concern for these consumer groups. Thus, complaint handling, grievance redressal and activating the inactive and indifferent government machinery were the items on the agenda of about 20 odd consumer organisations across the country that were functioning by 1974. Though limited, the success stories of these consumer groups which were highlighted by the media spread hopes among several others and thus, more consumer groups came into being. By 1976, there were over 60 consumer organisations in the country.

By the 1980s, consumer concerns increased on account of the problems of ill supply and distribution of foodgrains through the Public Distribution System (PDS), short weighing and measuring, adulteration, lack of safety and quality control of goods sold in the markets, imitation manufacture, massive profiteering by sellers, unreasonable prices, etc. Lack of consumer education, training and awareness were also the serious problems during that period. There were also several problems before the poor and vulnerable sections of the society.

The government had earlier initiated several legislative and administrative measures for the protection of consumers. To protect the consumers from undue, unfair, undesirable and unwanted practices of businessmen, producers, traders and sellers, the government of India enacted a number of laws such as:

- i) The Sale of Goods Act, 1930,
- ii) The Drugs and Cosmetics Act, 1940,
- iii) The Prevention of Food Adulteration Act, 1954,
- iv) The Essential Commodities Act, 1955,
- v) The Trade and Merchandise Mark Act, 1958,

- vi) The Monopolies and Restrictive Trade Practices Act, 1969,
- vii) The Standards of Weights and Measures Act, 1976, and
- viii) The Contract Act, 1982.

However, the consumer organisations and other groups found that these and several other laws dealt with consumer protection only indirectly. The consumer organisations and other groups, therefore, lobbied with the government and political parties for focussing attention on the immediate need for comprehensive consumer protection legislation in India. The media also cooperated with the consumer groups in this matter. As a result, the Government of India to protect the interests of the consumers promulgated “The Consumer Protection Act 1986.” This Act provides for the establishment of Consumer Protection Councils at the State and Central levels, for promoting and protecting the rights of consumers. It also provides for redressal of consumer complaints and grievances. This Act is a milestone in the history of consumer movement in India.

Features of Consumer Movement:

The following are the features of consumer movement:

- 1) ***Voluntary Movement:*** It is a collective and voluntary movement of consumers. It is a non-political, non-official and non-religious organisation of consumers.
- 2) ***Democratic Movement:*** It is a movement of the consumers, for the consumers and by the consumers to promote and protect the interest of consumers.
- 3) ***Comprehensive Movement:*** It is not restricted to buying of goods and services by the consumers. It also includes public utilities, banking, medical and health care and services like transport and communication etc. in its sphere to ensure better quality of life for the consumers.
- 4) ***Protection of Rights:*** The objective of this movement is to make the government and business community to safeguard the legitimate rights of the consumers.
- 5) ***Prevention of Malpractices:*** It is a movement to prevent the malpractices of sellers and producers of commodities, such as adulteration, short weighing and measuring, black marketing, massive profiteering etc.
- 6) ***Creating awareness and Unity:*** This movement creates awareness and unity among the consumers so that they may take group actions on issues such as malpractices in the market, non-enforcement of consumer laws by the business community or the government, etc.
- 7) ***Security of Consumer Rights:*** Consumer movement enforces the safety of the consumers rights such as Right to choose, Right to be informed, Right to safety and security, Right to redressal of grievances, etc.
- 8) ***Welfare of Consumers:*** The ultimate aim of consumer movement is over all welfare of the consumers.
- 9) It is basically a Protest Movement.
- 10) It is a Mass Movement.

An important change in the market is seen now. There was a slogan in the past in the market: “Buyer Beware”, which meant that every buyer was required to inspect the goods before making the payment to the seller but now, after the commencement of the consumer movement, the prime principle is “Seller requires that the seller gives the goods to the fairly and at reasonable price”.

7.3 SOCIO-ECONOMIC FACTORS

In India socio-economic factors influence the consumer movement and consumers’ welfare. India’s per capita income is as low as Rs. 93,293 per annum (2015-16). This per capita income is much lower than the per capita income of advanced countries of the world. India is a home to one third of the world’s poor. Poverty in India is a complex phenomenon in its content and scope. It is intensive, widely spread and intrinsically related to socio-economic, socio-cultural and socio-political factors. Poor are those who are unable to maintain their minimum level of subsistence. In India, poverty is found in rural as well as in urban areas. This problem restricts the welfare of the poor consumers. They cannot even think of protest to safeguard their interests as buyers because their buying capacity is very limited. They have almost no access to basic necessities of life such as, food, cloth, shelter, health-care and education etc. Thus, they are left outside the market system. Under these circumstances no solution is possible to promote their welfare as consumers unless they come out of the vicious circle of poverty.

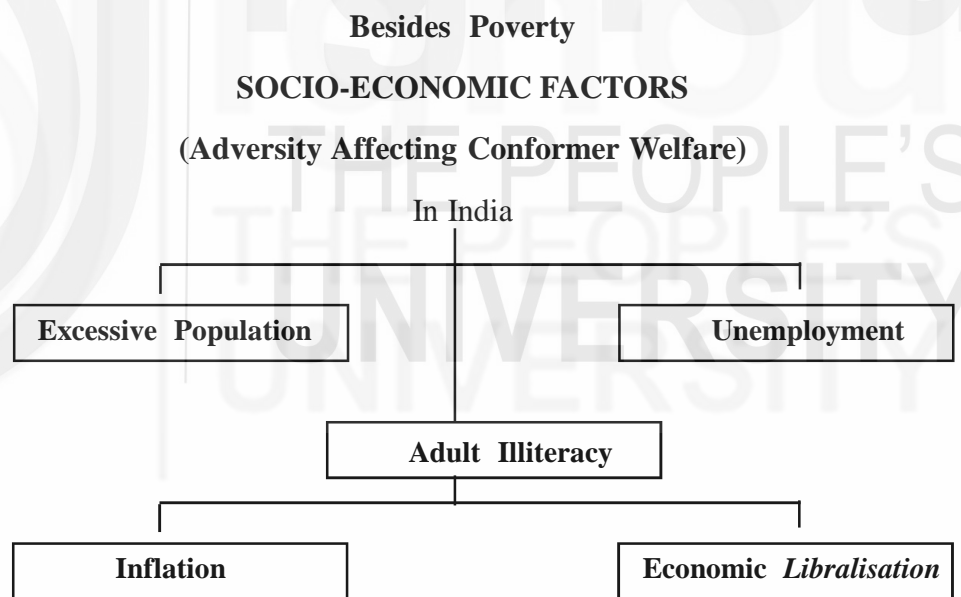


Fig. 7.1

The Government of India and the State governments have taken several steps to eradicate poverty to ameliorate this serious problem. Development at the desired level is not possible in a nation till the problem of poverty remains serious. Eradication of poverty in India is, therefore, vital for the emancipation of poverty and also for the attainment of social and economic development goals. The government efforts in this direction have been to some extent fruitful. However, this problem in India is still very painful.

The following are the other socio-economic factors adversely influencing consumer movement and the welfare of the consumers.

7.3.1 Population Problem

In India population problem is also enormous on account of high rate of population growth. As per census reports, population in India was 84.4 crore in 1991, which rose to 102.87 crore in 2001 and over 121 core in 2011. During the period 2001-11, the population grew at an annual average rate of about 1.76 per cent. With this growth rate it is estimated that presently (2016), the population will be around 130 crore. International Monetary Fund (IMF) has recently trimmed the estimate of India's economic growth from earlier 7.5 per cent to 7.4 per cent for two financial years i.e. 2016-17 and 2017-18 where as the Indian economy grew 7.6 per cent in 2015-16. Fast and high rate of population growth and low and subdued rate of economic growth reduces per capita share of means of living (food, cloth, shelter etc) in the hands of the people in general. It is also noteworthy that major share of means goes to the rich people. Thus, in our economy poor becomes poorer and poorer the poorest. Therefore, every growth of population in India decreases the welfare, particularly, of economically weaker sections of the society. It weakens the consumer movement and also adversely affects the buying capacity of the average consumer. The control on population is, thus, essential in India to protect and ensure the welfare of the consumers.

The Government of India has taken several steps to control population growth but the average growth rate, during the last four decades, has marginally, declined. Thus, more serious efforts are, further, required in this respect.

7.3.2 Unemployment

In December, 2011, the unemployment rate in India was 3.8%. Unemployment is a great problem of Indian economy. The rate of unemployment is an important measure of socio-economic development of a country. Unemployment adversely affects the welfare of the people and the society in several ways. In India unemployment is found both in urban and rural areas. Unemployment and poverty are positively correlated as poverty increases with every increase in unemployment. There are so many types of unemployment in India such as structural unemployment, disguised unemployment, under unemployment, educated unemployment, seasonal unemployment etc.

The problem of unemployment, in India, is considered to be the greatest obstacle in the way of economic development and economic welfare. Consumers' welfare is directly related to employment opportunities provided to the people in a country. An unemployed person, with no purchasing power, cannot participate in consumer movement and consumer welfare activities. Thus, the situation of unemployment must be eradicated to ensure consumers' welfare.

In India the focus of all development policies and plans is in creating jobs and to assist the poorest of the poor in all possible ways to improve their socio-economic status. The Government of India and the State governments have, since long, initiated various programmes and schemes to generate employment opportunities for men and women in rural and urban areas such as Integrated Rural Development Programme (IRDP), Training Rural youth for Self-Employment (TRYSEM), Jawahar Rojagar Yojana (JRY), Swarnjayanti Gram Swarojgar Yojana (SGRY), Swarn Jayanti Shahri Rojgar Yojana (SJSRY), Mahatma Gandhi National Rural Employment Guarantee Act (MANREGA) etc. Some of these programmes have worked well to minimise unemployment but only limited success has been achieved.

7.3.3 Adult Literacy

The literacy rate in India increased from 64.83% in 2001 to 74.4% in 2011. The male literacy rate in 2011 was 82.14% and female literacy rate was 65.46%. However, adult literacy is still a major problem in India. This problem is very acute in rural areas. There is a large number of villages in the country where even the Primary Schools have not been established by the state Governments. Most of the men and women in these villages are illiterate. In sub-cities also, educational facilities are deficient. In cities facilities of higher education have been made available by the government, and also by the private enterprises, by opening self financing colleges, but the standard of education there is very low. Overall the education in India is in a very deplorable condition. The consumers, particularly in rural areas, are not only illiterate but they are unaware and ignorant also. Consumer awareness is directly linked to the literacy of the consumers. Thus, adult literacy is a very important factor that affects the consumers' buying behaviour in the market. It is evident that the aim of consumer welfare and of consumer movement cannot be successful unless the adult literacy rate further increases in rural and urban areas of the country.

The present cost of education is very high, which is responsible for the dropouts of a large number of boys and girls, after the primary education in poor families. The government must take very serious steps to reduce the cost of education. Though several efforts have been made by the State governments to extend educational facilities and to reduce cost in their rural and urban areas but the achievements as regards quality are not very encouraging. The cost factor is still a great obstacle. Not nor the literate but only the well-educated consumers can command the Consumer Movement in India.

7.3.4 Inflation

Inflation is another economic problem that adversely affects the interests of the consumers in India. Inflation is a curse for the poor masses. Several factors are responsible for inflation such as more income in the hands of the people, deficit financing by the government to meet the expenditure, increase in salaries, wages and other emoluments of government and private sector employees, short supply of goods, commodities and services against their more demand, artificial scarcity of goods created by the businessmen, etc. Under these circumstances price level rises, which jeopardises the interest of consumers in general, and particularly of the low income groups of the society. The government through price and distribution controls and the Reserve Bank of India through its hard monetary policies, which are announced from time to time, are trying hard to control the inflation. Reserve Bank of India has not cut the interest rates during the periods of high rate of inflation and turned down the demand of the business enterprises made in this respect. Reserve Bank of India through its various measures could control the inflation and thereby protected the welfare of the consumers but the Consumer Price Index (CPI) is again rising. In June, 2016 CPI based inflation surged to 5.77 per cent, which is quite high. Unless the production of essential goods and commodities increases, it is difficult to control inflation. Thus, the government should make sincere efforts to raise agricultural and industrial production in the country to safeguard the well-being of the consumers. Government should also take very strict steps against hoarding of essential consumer goods and commodities by the traders and sellers.

7.3.5 Economic Liberalisation

In India Economic Reforms were initiated from July, 1991 when a New Economic Policy was formulated. This policy was based on liberalisation with Privatisation and Globalisation. The policy of liberalisation of economy stresses on reduction of government regulations to minimum and reduction in taxes and tariffs. It also emphasis free plays of market forces and stabilisation of prices. Thus, under this policy, government is committed to remove price and distribution controls. The policy, however, does not indicate complete freedom from controls and unrestricted entry of multinationals. The policy of control can be exercised in respect of a few selected commodities that are supplied through the Public Distribution System (PDS). This policy aims to remove restrictions hampering free flow of trade and access of the people to goods and services at cheaper prices/costs. However, it leaves the consumers to protest themselves against price rise in a free market economy in which multinational corporations and monopoly business houses with high market strength and all economic advantages dictate terms and conditions to the consumers and charge prices at their will. Thus, except certain controlled commodities, the consumer faces several hardships in the market to purchase goods and commodities at fair prices with standard quality. This policy, therefore, harms the consumers' interest and their welfare because it becomes very difficult for them to stay against the powerful monopoly and multinational firms. Protests, agitations and movements do not get success under these circumstances. The policy of liberalisation may be suitable in countries where per capita income is high, but in a developing country like India, where income of the people is very low consumers are weak and unorganised, it may not be in the interest of the consumers in general. In India, at the present juncture, the policy of price and distribution controls and of protection in almost all spheres of consumers' interests is essential to ensure their welfare.

Check Your Progress 1

- 1) When and how did the consumer movement start in India?
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- 2) Which socio-economic factors affect consumer behaviour and movement.
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- 3) Enumerate any two features of consumer movement.
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7.4 WHY THE CONSUMER NEEDS PROTECTION?

It has been realised that the sufferings of the consumers are the suffering of human beings as the general masses, households, government, producers, traders and sellers are all consumers. Consumer protection envisages government policies, actions and interventions that are designed to protect to consumers from a wide range of malpractices that are and found in the market place, and to ensure that consumers obtain goods and services of standard quality at fair prices. In India consumer protection is needed on account of the following reasons:

- 1) Protection of consumers against the unfair trade practices, which have harmed the consumers profoundly;
- 2) Protection of the consumers against all types of pollution for the healthy environment. It means to safeguard consumers from the products which pollute air, water, food and harm human life;
- 3) Protection against evils of monopoly and restrictive trade practices;
- 4) Protection against products that are unsafe and endanger the welfare of the consumers;
- 5) Protection of rights of the consumers;
- 6) Protection against incompetence and ignorance of the consumers in assessing the quality of goods and services and their price; and
- 7) Protection to consumers who are not organised, have weak bargaining power and are not shrewd buyers.

In India the concept of consumer protection has become imperative on account of economic imbalances, inequalities, increasing population, illiteracy, shortage of essential commodities, black marketing and wide variations in the quality and price of comparable products etc.

Further, in India consumers' sovereignty is hurt by the Bureaucratic, Red-Tapsim in public institutions, exploitive tendency of the traders and sellers, ill management of government undertakings etc. It is now needed that business must be concerned with the protection of consumers because '*Consumer is the pivot round which all marketing activities revolve*'. It is also obligatory on the part of the government to protect the interests of the consumers through regulatory measures and to ensure their welfare.

7.4.1 The Role of Consumers/Public Opinion

It is one thing to have rights enshrined in the statute books and altogether, another thing to have them enforced. A very small percentage of assertive and enlightened consumers exercise their rights. Consumer legislation and improved enforcement procedures are powerful weapons in the fight for consumer justice, provided there is an informed public opinion.

But how do you build public opinion? Herein, lies a major problem of consumer organisations. Most people are busy, tired, ignorant, unaware, timid or apathetic about doing anything about their rights. Thus, the major task is to organise millions of economically weak and scattered consumers so that they may prevail over a minority of wealthy and strong economic interests in the society. The individual

in economic terms is no match for the producer, manufacturer or trader. Therefore, the government must intervene to redress this inequality.

In many countries, there is a growing realisation of the need to educate people at a young age in consumer awareness and to prepare them for the role they have to play in the economic field and social life of the country so that they can make a meaningful contribution to the improvement of living standards. In India, also, the government has taken steps to educate people in consumer awareness but the results have not been very fruitful. The consumer movement is a unique for more social action. It requires people who are genuinely concerned with issues such as exploitation by business groups, faulty public distribution system, adulteration of food, manufacture of spurious drugs, unfair trade practices, misleading advertisements, safety of goods, public transportation, health services, false weights and measures, growing environmental pollution and poor civic amenities.

To tackle these issues, consumers require information and consumer organisations require leaders with an adequate knowledge of markets. Besides, they should also be aware of the advantages and disadvantages of purchasing different products, processes, brands, the marketing and distribution system, comparative prices and product safety. Consumer activists also need knowledge of laws, various State and Central government orders under the Essential Commodities Act, Prevention of Food Adulteration Act, Sale of Goods Act, Drugs and Cosmetics Act, the Packaged Commodities Order, Consumer Protection Act, 1986 etc. relating to consumer protection. Generally, it is found that those who have knowledge of these issues and laws do not initiate action while those who want to act, have no knowledge.

7.4.2 The Power of Consumer Boycott

The boycott of companies, sellers and products, the power of consumers not to buy, is the most powerful instrument in the hands of the consumers. The consumer should use this power individually and collectively in a much more assertive manner to give full effect to the ideas contained herein.

The lack of unity among consumers is certainly a major problem in organising consumer resistance or boycott programmes by consumer organisations. Economic inequalities among consumers themselves is another factor. It is said that the 'Consumer is a King in the Market Place'. This statement can be true only if consumers can get together for an effective boycott of high priced goods, defective and shoddy merchandise and massive profiteering businessmen. Even if twenty per cent of consumers boycott highly priced products, the prices of these will crash. But in the Indian market, there are consumers who do not hesitate in buying goods of any cost and of any quality. As long as there are consumers who are willing to pay any price and acquire goods of any quality consumer organisations will find it difficult to organise effective boycott. Thus, unity among the consumers is essential for an effective boycott.

Check Your Progress 2

- 1) Mention the major problems faced by consumers in India.

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2) What is the role of public opinion in building consumer awareness?

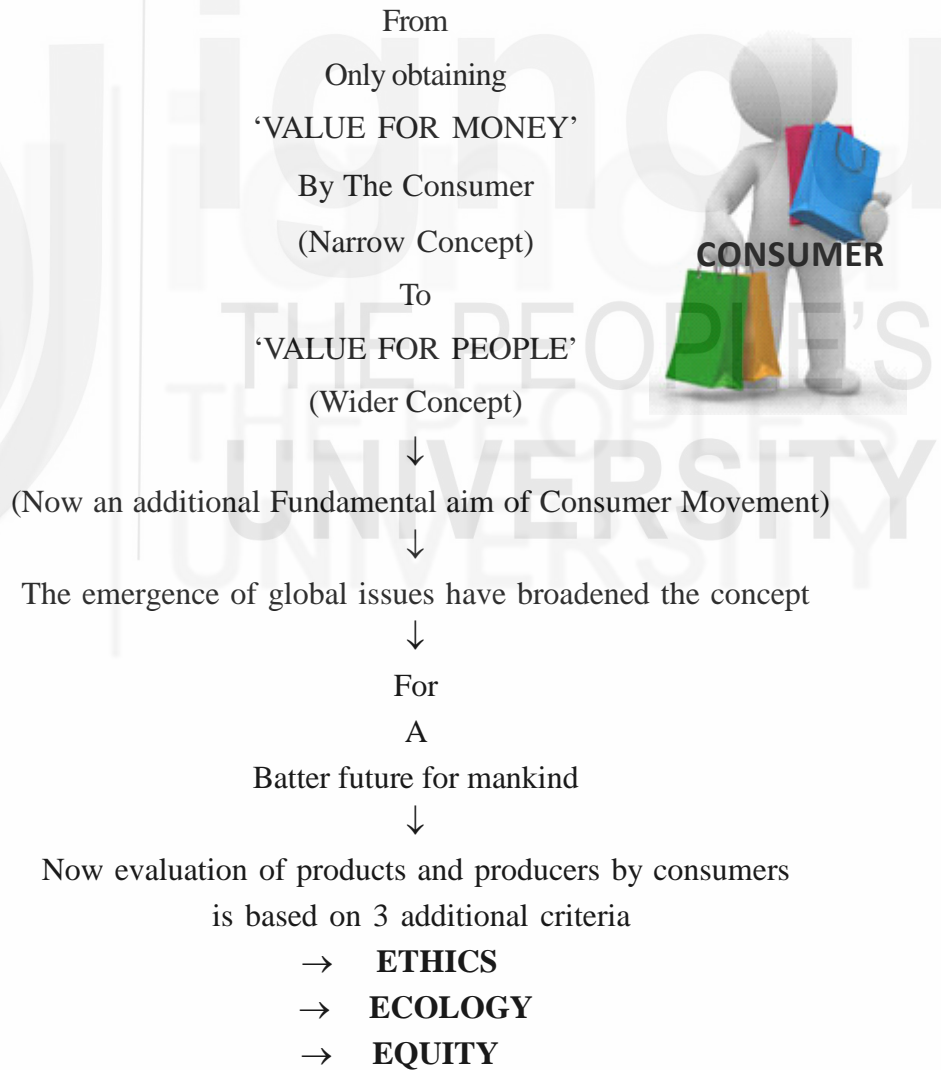
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3) What is the major problem in organising consumer boycott programmes by consumer organisations?

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7.5 THE CHANGING TRENDS IN CONSUMER MOVEMENT

CHANGING TREND IN CONSUMER MOVEMENT



Traditionally, the consumer movement has been largely focussing on rational behaviour of the consumers in the market. The main objective of this exercise was to educate the consumers to obtain 'value' for their hard earned money when they exchange their money with goods, commodities or services in the market. The idea behind this philosophy was that the consumer gets equal value

of his money in the form of goods or services and not less than that. This approach was justified in all respects. Neither the consumer nor the seller, producer or distributor was at loss in such transactions. This reflected the rational behaviour of the consumers and sincerity of the supplier of goods and services. However, in case of malpractices in the market remedial measures were available to the consumers. This fulfilled the aim of the consumer movement in India and all other countries of world.

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.

Moreover, 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*¹

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*²

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*³

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*⁴

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*⁵

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*⁶

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

¹ 1993 CCJ 543

² 2000 SCC 98

³ 1992 (1) CPF 272

⁴ 1993 (CPI) 444 C

⁵ AIR 1996 SC 550

⁶ 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***⁷

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***⁸

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***⁹

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.

⁷ 2000 CTJ 801

⁸ 1993 CCJ 38 Kant

⁹ 1994, ISCC 243

7.6 TASKS AHEAD

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.

7.7 LET US SUM UP

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.

7.8 KEY WORDS

- 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.

7.9 SOME USEFUL BOOKS AND REFERENCES

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- 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.
- 6) Kaushal, A.K., *Universal's Case Law Digest 1995 on Consumer Protection*, Delhi: Universal Law Publishing Company Private Limited, 1996.
- 7) Robert, N. M., *The Consumer Movement: Guardians of the Market Place*, Boston: Twayne Publishers, 1989.
- 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).

7.10 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

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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