Chapter – II

Rights of Consumer in the Indian Perspective
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The very survival, growth, strength and efficiency of consumer organizations in India, for that matter in any country across the world, is built upon the concerted participation and dedicated involvement of a governments concerned. Freedom for the citizens of the sovereign India has been ensured in the Constitution of India through the fundamental rights enshrined in it. Unfortunately, there are limited provision for the right against exploitation of consumers in the Constitution of India.

Consumer Organizations and Consumers Protection in India
India is the cradle of one of the most ancient and prosperous civilizations in the world, as highlighted by the history. Trade and commerce was flourishing in the country. The business class was categorized as ‘Vaishya’ and it was positioned just below Brahmans and Kshatriyas. Even from the Vedic period, consumers had been exploited and the duty of consumer protection was insisted by religions and rulers of those days. Almost all the scriptures of ancient India prescribed a stringent honest life and seriously warned

1 Brochure, Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution, Government of India, New Delhi, p. 1.
of the impact of sins. The concept of sinful earnings could be seen in the *Atharva Veda*. It proclaims that "let my home be adorned with righteous earnings; I have destroyed the sinfully earned wealth".\(^2\)

There are rules in *Atharva Veda* for earning wealth by businessmen:

1. It should not be agonizing to anyone,
2. It should not be harmful to our body,
3. The means to achieve wealth must be pure and not anti-social, and
4. There should be no obstacle to self-learning and self-introspection, because of wealth-amassing efforts.\(^3\)

It had further cautioned about the enemies in business relationship, namely, stinginess, crookedness, corruption and cruelty.

Manusmritis, consisting of 2685 verses on various topics, prescribed and explained eighteen causes of legal action to the kings, besides explaining kinds of balances, defective balances, manufacture of cotton, cloth, food, ration for men, methods of making and recovering deposits, interest on deposits, market controls, law of partnership, law of pledges, law of contract, rescission of purchase, wage payment, control over and punishment

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\(^2\) Charles Rockwell Lanman, William Dwight Whitney (Trans.), *Atharvaveda Samhita* (First Half From I Vol.), Harvard University Press, 1905, p. 29.

\(^3\) F. Max Muller, *Sacred Books of the East*, (EW West Trans.), Oxford University Press, London, 1977, p. 43
of traders, goldsmiths and doctors, valid and invalid transactions, adulteration etc.⁴

In the great Indian epic Mahabharata, Bhishma described the primary duties of a Vaishya, the businessman, namely, as studies, charity and earning wealth through pure means. The story of Tuladhar, narrated by Bhishma to Jajali, highlighted how a businessman should be righteous in his business.⁵

Alauddin Khilji

Alauddin Khilji carried out a large number of reforms in the economic field. Certain regulations were issued with the object of fixing prices of food products, cloth and all kinds of goods and maid servants, concubines, male and female slaves, milch cattle, beasts of burden, horses and various articles of general merchandise including articles such as bread, vegetables, needles, etc. Other regulations were concerned with the ways and means of enforcing the prices fixed.⁶ It was the duty of the government to ensure supplies by means of command. The hoarding of produce of the Doab (a land between river Ganges and Yamuna) and the neighbouring country up to a distance of hundred kilometres was prohibited.⁷

⁷ J. C. Aggarwal, Medieval History of India, S. Chand & Company Ltd, New Delhi, 2000, p. 52.
Merchants were commandeered to transport grains from villages to Delhi. Grain was to be stored in government granaries. Machinery was devised to coerce the people to obey the regulations. The government was to see that the fixed price level was not disturbed even in times of famines which were frequent in those days. There was strict rationing in times of famines. The revenue of the territory near Delhi was so regulated that neither the farmers were able to hoard and retain any surplus or secretly sell at a higher price to the merchants and grain dealers.

**Economic Policy of Alauddin Khilji**

In general it is admitted by most of the historians that Alauddin Khilji succeeded in fulfilling his objectives by his economic policy. His primary objects were to increase the income of the state for the maintenance of the army and rooting out the possibilities of revolts. He achieved both.

However, opinions differ regarding the impact of his policy on the peasantry and the common man. The revenue policy of Alauddin Khilji imposed a heavy burden on the peasantry. Probably, in some cases, the peasants had to pay 75 percent to 80 percent of their income to the state as taxes.

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8 VD Mahajan, *op. cit*, p. 146.
In the words of Tara Chand, “the policy was suicidal for it killed the goose that laid the golden egg. It left no incentive for increasing the produce or improving the method of cultivation. U.N. Dey favourably states that “the peasants did not seem to have been materially affected much”. Irfan Habib has stated that Alauddin Khilji consciously utilised the conflict between the two rural classes by standing forth as the protector of the weak against strong in these villages and he was perfectly reasonable.\(^{11}\)

Market control implies the state interference in the supply and sale of commodities. In the open market, buyers and sellers are free to enter into transactions. But, there is no check on the supply and sale price of the commodities. Government control in the supply and price of commodities is the minimum.\(^{12}\) There is a free competition among buyers and sellers. Market control does not allow the free operation of the forces of demand and supply. Market control is exercised through a number of regulations imposed by the government. Market control may be limited or unlimited. It depends upon the objectives of the government.

The dictum ‘Consumer is the King’ proclaimed by Swami Vivekananda, in the early part of the century, could be taken as the first ever effort towards the direction of consumer protection in the

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\(^{11}\) J. C. Aggarwal, \textit{op. cit}, p. 52.

\(^{12}\) \textit{Ibid}, p. 55.
modern times. In 1931, the *Mahila Ubbhokata Sangathan*, one of the oldest consumer organizations in India, started functioning in Lucknow. It is considered to be one of the largest consumer organizations in India, with a huge number of branches in rural and urban areas.\(^\text{13}\)

An important milestone in recognizing the importance of consumer and consumer welfare was achieved when Gandhi made the most famous and reverberating statement that forced the business community in India to realize the significance and necessity of the consumers to them.\(^\text{14}\) Reflecting his deepest concern for the consumers, he said:

"A consumer is the most important visitor on our premises, he is not dependent on us, and we are dependent on him. He is not an interruption in our work; he is the purpose of it. We are not doing him a favour by serving him; he is doing us a favour by giving us the opportunity to serve him."\(^\text{15}\)

Understanding the depth of the meaning and intensity of the message in the statement of Gandhi, Ralph Nader, the father of the

\(^{13}\) M. Raghupathy, *Quality, Standards and Consumers*, paper presented in the Consumer Protection Seminar, 15\(^\text{th}\) March 1989, Madurai, South India, p. 27.


modern consumer movement, described him as the greatest consumer advocate.\(^{16}\)

In 1947, the Indian Standards Institute (ISI) was registered as a society which specifies optimum levels of quality, safety and performance of products which could ultimately result in consumer protection. It was understood that the ISI was not empowered with necessary statutory authority.\(^{17}\)

Inspired by the concern of Gandhi for the consumer, R.R. Dalavai a follower of Gandhi founded the Madras Provincial Consumer Association, one of the first consumer organizations in Madras in 1949. At the end of the 1950s, a spurt of consumer organizations were formed in response to the discussions on the need for consumer organizations in the convention organized by the ISI. But they became defunct by the end of 1959.

In 1962, a consumer organization called Price Rise Resistance Movement (PRRM) was started in Delhi to counter the rising price. It opened open air vegetable shops to serve the consumers at cheaper price reasonably good quality vegetables. The social service organization called Bharat Sevak Samaj, started a new wing called National Consumer Service in 1963.\(^{18}\)


\(^{17}\) Ibid.

Prevention of malpractices in weights and measures, ensuring quality control, identifying and analyzing the problems of consumers, promotion of co-operative stores for and by consumers, and organization of consumer councils at different levels of the country, are the prime objectives of the National Consumer Service.

Though artificial scarcities and alarming price rises had been omnipresent in India all along the modern business history, consumers in Delhi checked the erring retailers and manufacturers in 1964, when they launched a ‘Buy and Distribute’ movement by buying in bulk and distributing milk among themselves. When the prices of vegetables were excessively raised, they had resorted to ‘consumer boycott’, a form of protest that was novel at that period of time. These types of moves and boycotts had immediate impact and the retailers of milk and vegetables were compelled to come to the bargaining table.\textsuperscript{19} The chart below shows the organizational framework of consumer protection movement in India.

\textsuperscript{19} FEDCOT District Training Centre, \textit{op. cit.}, 2004, p. 2.
If consumers demand more of a certain commodity or service, the price system supposedly reflects the increased demand in the form of higher prices. If prices go up, production is increased. It is assumed that consumer take decisions on the basis of full knowledge and rational choice.

**Consumer Rights and its Expansion**

India has been observing 15th March 1989 as the National Consumer’s Day. This day has a historic importance as it was on this day in 1962, when the Bill for Consumer Rights was moved in the US Congress. During his speech, President John F. Kennedy had remarked:

"If a consumer is offered inferior products, if prices are exorbitant, if drugs are unsafe or worthless, if the consumer is unable to choose on an informed basis, then his dollar is wasted, his health and safety may be threatened, and national interest suffers."

John F. Kennedy had equated the rights of the ordinary American consumer with national interest. He offered the American consumer four basic rights:

i. **The Right to Safety:** to be protected against the marketing of goods which are hazardous to health or life.

ii. **The Right to Choose:** to be assured, wherever possible, access to a variety of products and services at competitive prices and
in those industries where competition is not workable and government regulation is substituted, an assurance of satisfactory quality and service at fair prices.

iii. **The Right to Information**: to be protected against fraudulent, deceitful or grossly misleading information, advertising, labeling, or other practices, and to be given the facts she/he needs to make an informed choice.

iv. **The Right to be Heard**: to be assured that consumer interest will receive full and sympathetic consideration in the formulation of government policy, and fair and expeditious treatment in its administrative tribunals.

Kennedy recognized that consumers are the largest economic group in the country's economy, affecting and affected by almost every public and private economic decision. But they were also the only important group who were not effectively organized, whose views were not heard.

The Consumer International (CI), former International Organization of Consumer Unions (IOCU), the umbrella body for 240 organisations around 100 countries, expanded the charter of consumer rights into eight contained in the US Bill,\(^\text{35}\), which is given in a logical order;\(^{\frac{\hat{\circ}}{\hat{\circ}}}\)

\(^{35}\) FEDCOT District Training Centre, *op. cit*, pp. 1–2.
1. Basic Needs
2. Safety
3. Information
4. Choice
5. Representation
6. Redress
7. Consumer Education, and
8. Healthy Environment.\(^\text{36}\)

The right was the ultimate one, to be used when all methods fail. And many a times they do when the seller does not heed, the administration does not listen, and the judiciary fails. This right inherently signifies consumer unity as an individual consumer can be helpless or even apathetic and it is a collective action that succeeds.

While the right to boycott epitomizes the consumer rights, the right to basic needs remained abstract. It only defined a consumer's necessities required to survive and live a dignified life but it did not demand the means to obtain them – the right to work.

However, the right to work is also vague, as this colloquially meant easy jobs, and did not feature in the existing charter of Consumers' Rights. In the interlude, Union Government in India raised a debate to recognize the right to work, as a fundamental right

on the one hand, and advocating self employment schemes for everyone, including the poor, on the other. This inherently demands execution of the state's singular responsibility to provide productive infrastructure, work ethos, job opportunities, social justice and economic equity.

**Consumer Movements in Tamil Nadu**

Tamil Nadu did not lag behind the rest of India in the field of consumer movement. RR Dalavai, an ardent freedom fighter and a close friend of Gandhi, founded the Madras Provincial Consumer Association, one of the first consumer organizations in India, in 1949. This Association set the pace for the formal development of consumer organizations in India, especially in Tamil Nadu in the twentieth century. The Southern Consumer Union and the ‘Consumer Protection Committee’ of the Rotary Clubs were formed in the beginning of 1970s. The ‘Save the Consumer Movement of India’, which had been called ‘Consumer Flying Squad’ started in September 1972, in Madras, was another significant incidence in the growth of consumer organizations in Tamil Nadu.

As per the Article II of FEDCOT, it could have three types of members, namely, Regular / Full time members, Associate members and Institutional members. The annual membership fee is Rs 250 for

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full time members, Rs 100 for an associate member and Rs 1000 for an institutional member.

Article II deals with the following conditions prescribed for affiliating a consumer organization. They are:

1. It shall be registered under Tamil Nadu Societies Registration Act or the Companies Act, or the Indian Trust Act at the time of application or a duly affiliated unit of any member of FEDCOT registered under the Tamil Nadu Societies Registration Act.

2. It shall have a minimum of 25 members

3. It should conform to high standards of consumer activism, function according to its by-laws, and maintain a high level of democratic functioning and transparent working.

4. It shall have as its objective voluntary service to the public at large, particularly the rural and economically weaker sections.

5. If the association undertakes any sponsorship of a project from any institution / individual, the sponsor not be given to others.

6. It may be wholly or partly devoted to consumer protection activities and may not carry the words "Consumer Protection" in its name.

With the admission fee of Rs 50 at the time of admission, regular member will have to pay Rs 250, the associate member
Rs 100 and the institutional member Rs 1000 respectively as annual subscription before 1\textsuperscript{st} January every year.

As prescribed under the Tamil Nadu Societies Registration Act, the Executive Committee shall be the Governing Body of FEDCOT. It has been prescribed that at any time the maximum strength of the Executive Committee shall not exceed 63 members.\textsuperscript{38}

FEDCOT, to evenly concentrate on different vital areas, organizes its functioning through Directorates – Directorates for Environment, Directorate for Local Self Governance, Directorate for Standards, Directorate for Public Utilities, Directorate for Agriculture, Directorate for Food and Public Distribution, Directorate for Health, Directorate for Training and Directorate for Women Welfare.

The Annual General Body Meeting of FEDCOT is normally held in the month of August every year and the Extraordinary General Body Meeting may be convened for a special purpose at any time when a written requisition is received from at least one half of the members or 2/3 of the total members. In Tirunelveli, Tamil Nadu, with hundreds and hundreds of books in Tamil and English and with many documents bought and prepared by FEDCOT, an Information Centre has been functioning to disseminate necessary

\textsuperscript{38} Membership, Article II, FEDCOT, Constitution, \textit{op. cit}, p. 12.
information to the consumer organizations, consumer activists and research scholars.\footnote{http://www.fedcot.org/aboutfedcot.html accessed on 15th February 2008.}

With financial assistance from the Consumer Welfare Fund of the Central Government and with the help of different organizations, FEDCOT has translated and published books covering guidelines for consumers, consumerism and business ethics, consumer awareness, consumer movement, government and the UNO, disease through water, the indirect impact of advertisements, household electrical goods, etc.

To guide and instruct the content and methodology of training in various fields like guidelines for leaders of consumer organizations, consumer development and welfare, agriculture, women welfare, food, standards, law, environment etc., more than ten training manuals have been published by FEDCOT so far. The former president of FEDCOT, R. Desikan, writes a column ‘Consumer Notes’, covering a wide range of topics affecting the daily life of consumers, in the magazine ‘Life’ published by ‘The Hindu Business Line’ every Monday.

**Federation of Consumer Organisations, Tamil Nadu (FEDCOT)**

In Tamil Nadu, FEDCOT was established in March 1990. The idea to form a federation was basically to bring together as many groups as
possible in Tamil Nadu under one umbrella. Their specific programmes include holding seminars, conducting workshops and training programmes. It is a group of voluntary consumer organizations registered under the Tamil Nadu Registration of Societies Act 1975. Its Registration Certificate number is 227/90. It is a non-political, non-official and is not under any proprietary management. It is a totally voluntary consumer federation, working for the promotion and protection of consumer interests without any distinction of caste, creed, colour, religion or gender.

The aim of FEDCOT is to evolve common goals and strategies for the success of the consumer movement in its onward march for the benefit of the common consumer, FEDCOT is internationally affiliated to the CI and nationally affiliated to the Confederation of Indian Consumers Organizations and Consumer Co-ordination Council (CCC). FEDCOT of Pondicherry is noteworthy among the state level federations of voluntary consumer organizations.40

The consumer protection council is a non-political, non-profit voluntary consumer organization established for the protection of the consumers of the region. The following are the objectives of the councils specified in the memorandum of association.

1. To educate the consumers on their rights and responsibilities.
2. To protect interest and welfare of the consumers.
3. To build a strong consumer resistance towards anti-consumer practices by making the people consumer-conscious.
4. To consider and promote action according to urgency of the problem of consumers.
5. To consider, originate and support improvements in welfare laws.
6. To consider and formulate opinions on all questions concerned with consumers, producers and distributors etc.
7. To promote or oppose legislative measures affecting consumers immediately or ultimately and thus obtain by all acknowledged means, the removal as far as possible of grievances affecting consumers as a body.
8. To provide consumers with information and advice on goods, services, health, environment and personal finance etc.
9. To establish just and equitable principles in public distribution.
10. To provide for delivery of lectures, exhibitions, meeting, classes, conferences, seminars, workshops, symposia either directly or indirectly to advance the case of consumer education and awareness.
11. To print and publish issue and circulate such papers, periodicals, books, circulars, tables, statistics, technical
information of all kinds as may be conducive to any of its objectives.

12. To establish and maintain testing laboratories, libraries in its operational area.

13. To initiate individual and group efforts to maintain and enhance the quality of life of consumers.

14. To do all such other lawful things as are incidental and conducive to the attainment of the above objects.\textsuperscript{41}

Profile of the Consumer Protection Councils in Nagapattinam

The Consumer Protection Council, Ayyakkaranpulam, was established in September 1997. It is not registered under the Tamil Nadu Registration of Societies Act 1975 but it is associating itself with the Vedaranyam Taluk Consumer Protection Organization, Vedaranyam. Its President has taken much effort to form this council. It came into existence with 17 members. The main motive of this council is to render voluntary service and to solve the problems of consumers. The minimum age required to become a member of the council is 18. There is no specific criterion on education to become a member. Any volunteer can become a member. The subscription fee is Rs. 25 per annum. Its area of operation is limited to Vedaranyam Taluk.

\textsuperscript{41}http://www.fedcot.org/aboutfedcot.html accessed on 15th February 2008.
The Tamil Nadu Consumer Protection Council, Keevalur, was established in December 1991. This council came into existence with 25 members by the efforts of its President. It is mainly formed to render service to the rural consumers. It is not registered under the Tamil Nadu Registration of Societies Act 1975 but it is associating itself with the Tamil Nadu Consumer Protection Council, Nagapattinam which is affiliated to the FEDCOT.42

State Government on Consumer Services
Large scale sales of products are nationally advertised and nationally marketed and hence commerce tends increasingly to become interstate and therefore subject to federal control. Since state laws are not clear about protecting the consumers against hazardous health products or food products, it is essential that the central government intervenes with appropriate legislation.