1.13. Chapter Scheme

- **First Chapter** of the study deals with the introduction and design of the study.
- The Origin and Growth of consumer movement in India is dealt in the **Second chapter**.
- The **Third chapter** is devoted for legal frame work of consumer laws in India.
- The Role of Consumers Disputes Redressal Agencies is discussed in the **Fourth Chapter**.
- The **Fifth chapter** deals with the evaluation of the level of consumer awareness and impact of the Act in Dindigul town.
- The consumers’ attitude towards consumers Protection law in Dindigul town is assessed in the **Sixth chapter**.
- The **Last and concluding chapter** is devoted for the summary of findings and suggestion.

**CHAPTER 2**

**ORIGIN AND GROWTH OF CONSUMER MOVEMENT IN INDIA**

2.1. Introduction

Organising consumers and protesting against unfair trade practices was not a new phenomenon. Way back in the middle of the 19th century, a section of consumers in England organized themselves to protest against exploitation of labour by the textile industry and they gave a call to boycott the buying of textiles manufactured by such erring companies. There were also similar moves by another section against employment of child and women labour, and slavery. Towards the end of the 19th century, there were sporadic attempts by consumers in the U.K. America and Europe to form Buyers Clubs in order to avoid middlemen and profiteering. The buyers clubs were like informal consumer co-operatives where goods were purchased directly from the producers and supplied to consumers to assure quality, prevent adulteration and ensure a reasonable price. Laws
aimed at the protection of consumers are not confined to modern times. In 200 BC there were laws in India against food adulteration.

The Laws of Manu which are several centuries old refer to punishments to be given to dishonest traders. The Greeks too had laws prohibiting adulteration of food. Ancient Egypt had laws on meat handling and inspection by food inspectors of the government. The first consumer law was enacted in 1784 in Massachusetts followed by the law on weights and measures in 1790. In the U.K. Merchandise Marks Act was passed in 1852 and in 1878, the first Weights and Measurement Act was passed. The well known Sale of Goods Act came into force in 1893. Some prohibitions against adulterated food and false weights and measures are thousands of years old, such as those found in Old Testament, the code of Hamurabhi and the ancient laws of India. European Consumer Protection statutes began to appear in the 15th and 16th centuries and were based on the principle of deterrence. During most of the middle ages, consumers were protected to some degree by the moral structures of the Catholic Church, self regulations by craft guilds and consumers’ own knowledge of products and local sellers.

Gradually the European kings over-saw a shift in legal doctrine that favoured sellers, in their efforts to encourage the growth of trade. The dominant rule of the market place became “caveat emptor” or buyer beware. The supply and demand conditions that underlay the doctrine of “caveat emptor” and limited Government intervention on behalf of consumers changed rapidly in the latter decades of the 19th century.

It is appropriate to study the origin and growth of Consumer Movement in India in order to provide theoretical background for the study. Hence this chapter is attempted.

2.2 First Era of Consumer Movement

The industrialization of American life entertained many benefits but it had its dark side as well. Particularly two negative aspects contributed to the first wave of consumer movement in United
States of America. The first problem was achieving the right amount of competition in various markets. The second problem was the safety and the quality of the new branded goods that were being sold in national rather than local market. Although most manufacturers of branded goods had been sensitive to associate their names with high quality, some disregarded consumer welfare. There was formation of trust, initiatives and referendums for laws protecting female and child labourers, tariff reforms and most importantly the rights of consumers. In 1887, the Interstate Commerce Commission was established to regulate the rail road industry, setting the precedent for independent regulatory agencies and in 1894 the Federal Trade Commission was established to regulate the products. In 1865, a Federal Law was passed to outlaw the importation of diseased cattle and swine. In 1848, the Import Drugs Act was passed to deal with the counterfeit, contaminated, dilute and decomposed drugs being sold in the United States of America.

The efforts of the anti-adulteration movement culminated in 1906 with the passage of the Pure Food and Drug Act and the Meat Inspection Act. All these pieces of legislation owed their existence to the efforts of one person, Dr. Harvey W. Wiley, who became Head of the Department of Agriculture’s Division of Chemistry in 1883. Relying upon the findings of his chemists, he attempted to publicise dangers in American Food Supply. In 1903 he established “Poison Squad” a group of young male volunteers. Wiley’s efforts were supplemented by those of a number of citizens groups especially those composed of women. The National Consumer League, originally founded to improve the working conditions of women and children through selective boycotts was one of these. The American Medical Association also joined the fight. Thus the first wave of consumer activism in the United States of America was a part of the broader progressive movement.

2.3 Second Era of Consumer Movement

The first era of consumer movement ended in 1910s it was an outgrowth of the massive changes brought by the early stages of the industrial revolution. The period of 1920s and 1930s marks the second era of consumer movement and it may be conceived as response to the broadening impact
of industrialization revolution, it goes beyond the factories and transportation systems to whom, the
domain of consumption itself. A new organization called “Consumers Research Inc.” was formed with
financial support from the State and it started disseminating the product testing and information. The
establishment of consumers unions constitutes one of key events in the second era of consumer
movement in America. Another landmark development which occurred at the same time involved the
attempt to provide consumer representation in the federal government.

The Consumer Advisory Board within the National Recovery Administration (NRA) and the
Consumer Council within the department of agriculture provided such an opportunity for consumer
representation. Between the two world wars, there were a string of legislations in the area of food
and drug. The Federal Food, Drug and Cosmetics Act, 1938 replaced the Food and Drug Act, 1906. An
important amendment was made to the Federal Trade Commission Act, 1914 in 1938 empowering the
Federal Trade Commission to regulate deceptive practices in addition to the unfair ones. This had the
effect of giving the Federal Trade Commission jurisdiction over a wide range of harmful business
practices, including dissipative advertising.

2.4. Third Era of Consumer Movement

The Decade following the World War II was not hospitable to any form of social protests,
including consumer movement. Nevertheless owing to increase of consumer prices as a result of
inflation between 1946 and 1956, it offered difficult choice to the consumers among the new and
technologically complex products. Ralph Nader was to become the unchallenged leader of the
American consumer movement, his name becoming almost synonymous with it. The issue of auto-
safety had been languishing for more than a decade until Ralph Nader to testify at a congressional
hearing and the subsequent revelation that General Motors was spying on Nader. Although Nader
showed that a single concerned citizen could triumph against one of the world’s largest corporations,
he moved to institutionalize his guerilla operation by establishing the Center for the Study of
Responsive Law.
The centre served as the staging area for Nader’s Raiders, typically idealistic students who spent their summers in Washington, D.C. The Raiders descended on federal agencies such as the Federal Trade Commission, Interstate Commerce Commission, and Food and Drug Administration. Their mission was to document the extent to which these regulatory watchdogs had fallen asleep on the job or, worse, become the tools of the very interests they were supposed to regulate. Consumer Guru Ralph Nader With Nader and his associates shooting from the hip and distracting the opposition’s attention, more moderate consumerists, particularly a number of consumer-minded members of Congress, succeeded in passing a series of major pieces of consumer legislation. President John Kennedy’s “Consumer message” to Congress serves as a convenient starting point for the third era of consumer movement in the United States. The message, the first one by a President on the topic of consumer protection, was delivered on 15 March, 1962. In it, President Kennedy enunciated a Consumer Bill of Rights, including the rights to (1) safety, (2) information, (3) choose among a variety of products and services at competitive prices, and (4) a fair hearing by government in the formulation of consumer policy.

2.5. Consumerism – Definitions

Some of the definitions of consumerism are discussed here. Consumerism falls within the most scientific conceptions of contemporary social movement. It can be defined as a diverse and evolving social movement seeking to enhance the economic well-being and political power of consumers. In fact, the terms ‘Consumerism’ and ‘Consumer Movement’ can be used interchangeably. Consumerism denotes a common thread that runs through the consumer activism,
characteristic of different times and places. Consumerism has been a movement in which the trader and the consumer find each other as adversaries.

David Aaker & George Day Aaver, take an environmental view of consumerism as one that is increasingly interwoven with and converging on common issues. According to them “Consumerism encompasses the evolving set of activities of Governments, business, independent organizations, that are designed to protect the rights of consumers. Consumerism is concerned with protecting consumers from all organizations with there is an exchange relationship”.

Harper W. Boyed Jr. and David E. Allen Jr. observed that consumerism is “the dedication of those activities of both public and private organizations which are designed to protect individuals from practices that impinge upon their rights as consumers. As senator Charles percy Observes “Consumer movement is a broad public reaction against bureaucratic neglect and corporate discharge for public”.

Peter Drucker offers the following definition of consumerism: “Consumerism means that the consumer looks upon the manufacturer as some one who is interested but who really does not know what the consumers realities are. He regards the manufacturer as somebody who has not made the efforts to find out the world in which the consumer lives and who expects the consumer to be able to make distinction which the consumer is neither willing nor is able to make”.

The market is more technologically sophisticated, more monopolistically organized. The consumer has more to spend: he stakes, very often, a large sum of money on each consumer transaction. So the

consumer often has more to lose in a more difficult economic environment. That is the reason why consumerism is so much more with us today. Any consumerism obliges us to consider the procedures as well as the substance of the law. Consumerism obliges us to consider aspects of criminal and administrative as well as of ordinary civil law. Consumerism obliges us indeed to consider the adequacy of the legislative process itself.\textsuperscript{89}

These definitions bring out that consumerism tries to protect the consumers against abuses of business companies and to get their difficulties redressed while dealing with business.

\textbf{2.5.1. Need for Consumerism}

Philosophy of consumerism emphasizes on the protection, preservation and enhancement of human life. Consumerism as a social movement energises consumers creates new responsibilities to producers and buyers, promote consumer consciousness and educates the consumers about their basic rights in the larger interest of coordinated economic growth. In this task role of consumerists is vital for the rational utilization of country’s resources in order to reshape and regenerate an already-strained economy.

India is a vast country where nearly half of the total population is living below the poverty line and with illiteracy, spending half of their income on daily purchases of their livelihood. They could easily be cheated by the business community through unethical trade practices. Unless a strong consumer movement is organized, the rights of the consumer can not be protected. The following are the specific situation which warranted consumer protection.

- Under weight and under measurements not measured or weighed correctly.

\textsuperscript{89} Geofrey Howe, “Consumer Protection and the Law” 123, New L.J(1973)
- Substandard Quality - defective home appliances and medicines beyond expiry date.
- High prices - charging above the retail price.
- Duplicate Articles - selling fake items in the name of the original.
- Adulteration and Impurity - is done to get higher profits.
- Artificial Scarcity - hoarding and black marketing.
- False and incomplete Information - misleading information on quality, durability, and safety.
- Unsatisfactory after sales Service - high cost items like electronics and cars require constant and regular service.
- Rough behaviour and undue conditions - harassment in getting LPG connection or a telephone connection.
- Limited information - providing full and correct information will help in the choice of selecting the right products.
- Limited supplies - when goods and services are in short supply then price shoots up.
- Limited competition - single producer may manipulate the market in terms of price and stocks.
- Low Literacy - illiteracy leads to exploitation. Hence consumer awareness is essential.
- In the distance selling, where contracts are made without any face to face contact between supplier and consumer - consumer confidential is essential.

2.5.2. Scope of Consumerism

Consumerism emphasizes the direct relationship between the individual consumer and business firm. As consumerism is an evolving concept, there are no accepted lists of various facets of the said relationship.
Protection against clear-cut abuses, provision of adequate information about the products and services and protection of consumers among themselves are the areas providing scope for studying consumer movement. Of late, consumerism is extended even to protection against environmental pollution and against declining quality of physical environment.\textsuperscript{90}

Failure to provide adequate information to the consumers about the features of the products is one of the important reasons for the lack of awareness of the consumers about their rights. The two polar positions identified by Bauer and Greyser\textsuperscript{91} are the business view that the buyer should be guided by his judgment of the reputation of the manufacturer and the quality of the brand, versus the view of the consumer spokesmen that information should be provided by impartial sources and reveal performance characteristics.

In India consumerism is yet to take birth and become a people’s movement. It is correctly said: India, a great nation whose ancient philosophers once showed the road to salvation, fails to remain unaffected by this trend. ‘Development’, urbanization is creating a new culture. Consumerism is the order of the day. Consumerism is essentially an attitude towards life and the world. It is nothing but man’s pathological obsession with commodities, ‘success’ and ‘achievement’.\textsuperscript{92}

\textbf{2.5.3. Causes of Consumerism}

The concept that the “Consumer is the King” in the marketplace has been largely discarded and handling him as a pawn is a major driving force to consumer movement. The doctrine of “Caveat Emptor”, that is “Let the buyer beware” is no more accepted by the customers. They put forward the doctrine of “Caveat Venditor”, that is,” Let the seller beware” and it has received judicial support in


\textsuperscript{92} Avijit Pathak, “Consumerism and the Younger Generation”. Hindustan Times(NewDelhi)23 June, 1985 at p.5(Magazine)
recent times. It is pointed out that the manufacturers and sellers dupe the consumers by committing breach of contract regarding products and service.

The following are some important factors responsible for the enhancement of consumer movement presently in India.

i) Spread of higher education

ii) Increased income in the hands of consumers,

iii) Rising prices of goods,

iv) Expectation of different products with better quality,

v) Increased product complexity due to large variety of products,

vi) Development of new technology,

vii) Legislation leading to consumer protection,

viii) Exaggerated advertisement about the products,

ix) Increasing awareness of various social problems,

x) Social responsibilities of the business,

xi) Changing consumer attitudes and involvement in consumer issues.

xii) Though the concept of globalization has increased the competition among the business firms.
2.5.4. Consumerism – It’s Impact on Business

The late President of the United States, John F. Kennedy, said in a special message to the congress on protection of consumers that they have certain definite basic rights. They are:

- The Right to safety-to be protected against the marketing of goods which are hazardous to health or life.

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

- The Rights to choose- to be assured, wherever possible access to a variety of products and services at competitive prices and in those industries in which competition is not workable and government regulation is substituted, an assurance of satisfactory quality and services at fair price.

- The Right to be heard- to be assured that the consumer interest will receive full and sympathetic consideration in the formulation of government policy and fair and expeditious treatment in its administrative tribunals.

But consumers are unaware of the above rights due to their ignorance and illiteracy and as such businessmen get used to cheat them. The unorganized and disintegrated consumers are not able to fight against these evils. But, the growing awareness of the rights on the part of the consumers and the consequent formation of many consumer organizations, advisory councils and the consumer dispute redressal agencies coupled with the enunciation of certain legislations by the Government resulted in the change of attitude of businessmen. The impact of consumerism on the business community is evident from this. Consumers should rise up to the occasion and fight for their rights, when they are being denied or deprived of them. This would be possible only when the consumers

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are aware of their rights, legal remedies and the provisions available to them. Hence, there is a need for consumer education.

2.5.5. Attitudes of the Business Community towards Consumerism

Businessmen feel that consumerism is a costly affair and it will ultimately be a costly affair to the consumers. The businessmen will have to abide by the legal requirement which will limit or modify some of their methods for selling their commodities which will amount to less production and less benefits which will ultimately be passed on to the consumers.

Peter Drucker called consumerism, “the shame of marketing”.94 He wrote that if those in marketing had looked at business from the buyer’s viewpoint instead of the seller’s viewpoint, there would have been no need for the consumer movement to develop

2.5.6. Attitudes of the Consumer towards Consumerism

In the Reagan administration Virginia Knauer, spokesperson for consumer affairs, claimed that consumers are not concerned with consumer rights and issues, but tend to worry about economic issues such as interest rates and purchasing power. In Knauer’s words, “These are the things that turn people on, not labelling or so called consumer issues”.95

The 1982 Harris Poll disagree with Knauer’s view and said that consumers worry about some of the same issues such as unsafe products; after-sales service and repairs; handling of consumer complaints; failure to live upto advertising claims; and misleading labeling.96

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94 Marketing / Communication, August 1969, p.60.
Harris in conclusion said that consumer not only recognize the limits of regulation of business activities, but also expects that the Government has an important role in protecting the consumer. The same attitude could be found even among the Indian consumers.97

2.6. Consumerism in Various Countries

Consumerism is the discovery of the twentieth country. The great Indian writer Kautiliya was one of the earliest to write in his Arthasastra about the need for consumer protection and awareness. Two nations namely USA and UK have made pioneering efforts for protection of consumer's rights. Consumerism first began in USA in the early 1900's.

With the consumer movement taking a shape, consumer groups in U.K., U.S.A., Netherlands, Australia, France, Iceland, Austria, Israel, Sweden, Newzealand, Denmark and Norway met on April 1960 at The Hague to form a new “Social Institution” called the International Organization of Consumers Unions (IOCU). It is one of important internal organization for the promotion and protection of consumer interest is the International Organisation of Consumer’ Union.

A global voice for the consumers’ support; it links and represents consumer groups all over the world. It defends the rights of all consumers, particularly the poor and the marginalized, though empowering national consumer groups and campaigning at the international level. At present there are 250 organisations in 115 countries with more than 75 percent of the consumers are international members in developing countries. It’s head office is located in the United Kingdom, Regional Offices are located in Kualalampus(Malaysia), Santiago (chile) and Accra (Ghana).

The IOCU was founded on 1st April 1960, it is an independent, non-profit and non-political foundation. It promotes world wide co-operation in the comparative testing of consumer goods and services and in all other aspects of consumer information, education and promotion. It is financed by membership fee and the Sale of its publications. Its main activities are the representation of the
National Consumer Organisations at the International level and it undertakes the study and
development of the technical aspects of consumer affairs. In 1995, the name of IOCU was changed to
Consumers International (CI)

2.6.1. United Nations Guidelines for Consumer Protection

In 1985 the UN General Assembly laid down a few guidelines, the right to form consumer
groups and the recognition of the right of such organizations to be consulted and represented in the
decision-making process. The adoption of these Guidelines unanimously was one of the greatest
achievements of the international movement for consumer protection. These guidelines include the
adoption of measures for physical safety, the promotion and protection of the consumers’ economic
rights, distribution facilities for essential consumer goods and services, effective redressal machinery,
developing education and the formulation of programmes of consumer interest. The United Nations
recognized March 15th of every year as the World Consumer Day as well as Consumer Rights Day.

2.6.2. United States of America: (U.S.A)

The first Consumers’ League was formed in New York City in 1981. The chief exponent of
consumerism was Ralph Nader. He recruited staff members and organized volunteers to wage a
relentless war against consumers’ exploitations. This contributed to the enactment of a host of
consumer legislations. For achieving his goals, Ralph Nader employed several methods including
research, lobbying, litigation and media publicity. The book entitled “Test and protest: The influence
of Consumer’s Union” throws light on the movement started by him.

98 David A. Aakar and George S.Day,”Consumerism: Search for Consumer Interest”. A Division of Mac Millian
By 1898, local groups also joined the National Consumer League. After Roosevelt was elected president of America in 1904, he urged the enactment of a pure food and drug law and the bill was passed by the Senate in February 1906. Consumers income rose gradually in 1920’s and prices remained relatively stable. Sales of autos, refrigerators, vacuum cleaners, radios and photographs were doing brisk business. Consumers were being flooded with advertising. As the decade passed, a vague dissatisfaction grew among the consumer. This found expression in 1927 in “Your Money’s worth”, a book by Stuart Chase and F.J. Schlink. Chase and Schlink proposed the formation of a consumer-sponsored organization to do product testing. The inquiries from the traders of “Your Money’s Worth” soon convinced Schlink that the local consumers club organized by him should be expanded. The new organization formed in the year 1929 was one among the number of new product testing laboratories. Several major department stores and trade associations also started testing laboratories.

In 1937, a liquid form of one of the new sulfa wonder drugs was released in market. Although the drug was safe enough in capsule form, its liquid form, Elixir Sulfanilamide, proved lethal and around 100 died. A new section was quickly added to the proposed Bill requiring that manufacturers have to prove the safety of new drugs to the satisfaction of the FDA before placing them on the market. Substantial changes had occurred in the test of the Bill in course of five years of hearings and controversy, the grade – labeling provisions had been dropped and the responsibility for control of advertising had been given to the Federal Trade Commission.

Finally, in June 1938, a much modified version of the Bill was passed. In order to gauge the impact of the movement on public opinion, the Advertising Research Foundation Commissioned a national survey by Dr. George Gallup. In 1940, he found that the movement had developed its greatest strength among teachers, the higher income group and the more intelligent and among the young. He concluded that the movement had made considerable headway and was likely to continue to grow because of its strength among influential groups. Consumer Unions grew from 50,000 in 1944 to
almost, 5 lakhs in 1950. There was, however, little activity among the grass-root consumer organizations.

The Federal Trade Commission especially after 1958, adopted a more active policy of controlling false advertisements in foods, drugs, cosmetics and curative and collective devices. John F. Kennedy, in March 1962, said, “The basic rights of consumer must be protected”, while addressing the U.S. Congress he specially mentioned the necessity of having a strong consumer movement. He enunciated the new famous consumer Bill of Rights, namely, the right to safety, the right to be informed, the right to choose, and the right to be heard. Thereafter, the emergence of Ralph Nader on the American horizon gave further momentum for consumer consciousness and pushing forward important consumer legislation in U.S. About the same time the need for consumer education was recognized.

In 1961, Consumer Union increasingly came to view itself as an organization and spent a significant portion of the budget in promoting consumer education rather than simply as a product testing agency. In January 1964, President Johnson appointed Esther Peterson as a Special Assistant for Consumer Affairs. In 1965, hearings on tire and auto-safety revealed the lack of any deep concern over safety problems in either industry. This view was challenged a few months later when Ralph Nader’s in his book entitled “Unsafe At Any Speed” presented evidence of the role of faulty engineering, construction and design in auto – accidents and injuries.

As a result in March 1966 President Johnson passed Highway Safety Act of 1966. In late 1966, Senator Philip Hart’s “Truth – in – Packaging” Bill was passed and signed into law. In 1968, the president called for passage of a long list of consumer bills such as Truth – in – Lending and other new legislation on poultry inspection, pipeline safety, fraudulent land sales, hazardous appliance radiation and so on. Finally, Federal Trade Commission Improvement Act, 1975 was probably the legislative high water mark of the current era of consumer protection.
It was President Carter who took the initiative of nominating two important bodies such as Federal Trade Commission and Consumer Product Safety Commission, Persons from consumer and public interest movement. Despite set-backs, of late, consumer movement is alive and kicking and is ever eager to mobilize its resources to fight out erosion of consumer rights.

2.6.3. Great Britain

The Common Law, relating to Consumer Protection in England and the European Countries was initially based on the concept of ‘product liability’. The classic case of Donoghue vs Stevenson has given rise to the law of negligence relating to consumers. This case was concerned with the nature of the duty owed by the manufacture to the ultimate consumer of his products.

By the end of 19th century, the warranty of merchantability had been developed and incorporated as exception to the Caveat Emptor rule in the sale of Goods Act, 1893. Slowly and gradually the doctrine of ‘Caveat Emptor’ took the back seat, with the advent of more and more legislations like the Restrictive Trade Practices Act, 1956 and the Weights and Measures Act, 1963, 1976 and 1979. As regards the regulation and control of monopolies in the United Kingdom was concerned, the Monopolies and Restrictive Practices (Inquiry and control) Act of 1948 was the first law to cover that area.

A commission called “Monopoly and Restrictive Trade Practices Commission was set up under the Act and was renamed as the Monopolies Commission in 1956. This particular body has been vested with the power to investigate the ‘Mergers also under another statute called the Monopolies and Mergers Act, 1965. These legislations have been consolidated by the Restrictive Trade Practices Act, 1976.

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With a view to ensuring fair trading, the Fair Trading Act, 1973 was enacted. The Director General of Fair Trading has been vested with many powers including the power to look into violation of resale price maintenance and laid-down instructions or quantities or description of goods etc.

Apart from the mentioned legislations there are quite a good number of other legislations in United Kingdom that protect the consumers. They include the Competition Act, 1980, the Consumer Safety Act, 1978, the Food Drugs Act, 1955, the Prices Act, 1974 and the Unfair Contract Terms Act, 1977. This list is only illustrative in nature.

The Consumer Credit Act, 1974 deserves special mention as it from the modern law on consumer credit. In Britain too, enormous amount of sales take place on credit. With the availability of credit facilities, the consumers could change their living style by acquiring various consumer goods. However, to prevent the exploitation of consumers, availing credit facility, by unscrupulous traders, various legislations like the Hire Purchase Act, 1938, the Supply of Goods(Implied Terms) Act, 1973 and Sale of Goods Act, 1979 have been passed. The Consumer Credit Act of 1974 provides many safeguards to the consumers like are right to information of cash price. All proprietors of Consumer Credit or Hire Purchase business are required to obtain licenses from the Director General of Fair Trading, after satisfying the authority that they have good credentials.

At present, the Consumer Protection Act, 1987 is the primary legislation dealing with Consumer Protection in United Kingdom. It is a comprehensive legislation containing 35 sections. It contains provisions with respect to the liability of persons for damages caused by defective goods and consumer safety. This Act is consolidated with amendments, such as the Consumer Safety Act, 1978, the Consumer Safety(Amendment) Act, 1986, It also makes provisions with respect to the giving of misleading price indication, laying safety requirements, power to obtain information and other allied matters.101

2.6.4. Germany

The Federal Republic of Germany is a member state of the European Union and is bound by the consumer Protection directives of the European Union. Thus a large part of German consumer protection law has been enacted pursuant to European Directives (the directives on door to -door sales, consumer audits, distance selling, package tours, product liability, and the like). In 2002, a large part of this legislation was integrated into the German Civil Code (Burgeliches Geretzbuch). A minister of the federal cabinet is responsible for consumer rights and protection.

2.6.5. Sweden

Consumer Policy in Sweden is well established and can look back on a long tradition. In 1986, the Swedish Parliament enacted a partial revision of consumer policy, with greater emphasis on matters of household economics, at the same time affirming the interrelationship of prices, competition and consumer policies. There are number of Acts such as,

- The Marketing Act
- The Consumer Contract Terms Act
- The Consumer Credit Act
- The food Act
- The Chemical Products Act
- The Consumer Sales Act
- The Consumer Insurance Act
- The Door to Door sales Act ; and
- National level Boards like
- National Board for Consumer Complaints
have been set up for consumer welfare in Sweden, which regulate the consumer protection.

2.6.6. Australia

The Australia consumer hand book is divided into two main sections. The first section lists consumer help organisation under relevant category titles. (e.g.) building health. The second section provides a range of consumer guides that can be photocopied and given to consumers seeking help with information or complaint. This includes sample complaint letters, advice about refund and warranties and useful consumer checklist.

In 1995 the Australian State and Territory governments agreed to a program of competition policy reform that would act as a broom through the economy, targeting and dealing with competition stifling regulation across all levels of Government. Implementing such major reform was a difficult and painful journey that has nevertheless delivered significant benefits to Australia. The ACCC sees itself playing a significant role in promoting competition and at the same time protecting small businesses from being driven out of the market where they can provide a truly competitive dynamics.

2.6.7. Canada

Consumer Protection Act 2002 amendments made by 2006, `consumer` means an individual acting for personal, family or household purposes and does not include a person who is acting for
business purposes. Consumer agreement means an agreement between the supplier and the consumer in which the supplier agrees to supply goods or services for payment.

Consumer transaction means any act or instance of conducting business or other dealings with a consumer, including a consumer agreement.

2.6.8. France

French Consumers Rights:


Rights of the Consumer

i) The seller shall be liable to the consumer for any lack of conformity which exists at the time of goods were delivered.

ii) In case of a lack of conformity, the consumer shall be entitled to have the goods, brought into conformity free of charge by repair or replacement.

iii) The consumer may require the seller to repair the goods or he may require the seller to replace them in either case free of charge unless this is impossible or disproportinate.

iv) The term free of cost refers to the necessary cost incurred to bring the goods into conformity particularly the cost of postage, labour and materials.

v) The consumer may require an appropriate reduction of the price or have the contract rescinded. If the consumer is entitled to neither repair nor replacement or if seller has not completed the remedy within a reasonable time or if the seller has not completed the remedy without significant inconvenience to the consumers.

2.6.9. China

China had adopted an imbalance policy between consumer and producer of goods output in which consumer goods production was limited infavour of producer goods. In early 1980's things seemed to have taken on a fresh look in China. China underwent a profound transformation Limited
production of consumer goods resulted in sale of poor quality products at very high prices and forced consumer purchase. A symposium reported a case of a company in Beging, which forced consumers to buy 30 pairs of poor quality trousers if they wanted to purchase a 14 inch colour television. The chinese government has taken quick action in response to rising cases of business malpractice and their increasing profits. China consumer council was established in December 1984, to conduct regular checks on the quality, prices, safety and hygiene of products to avoid sub-standard goods winding up in consumer's hands. After every checking programme, the council publishes the results to warn consumers of possible hazards. Secondly, the councils receive complaints and act as go-between in consumer disputes with producers and tradesman.

2.6.10. Pakistan

Consumer Rights Commission of Pakistan (CRCP) has commissioned a study to develop a white paper on consumer financing being delivered by local and foreign banks operating in Pakistan. The white paper aims to highlight the concerns and problems being faced by consumers of credit cards, auto leasing, house mortgages, personal loans and other related products and services. The paper would also bring to the fore the weaknesses and areas of the improvement in the legal and regulatory frame work that governs consumer financing in Pakistan. The study has been commissioned with the support of the Asia's Foundation, Pakistan.

The white paper is envisaged to map the public concerns and consumer grievances in variety of consumer products being offered by the banking sector. The Government is largely in different to the interests of the citizens and consumers because it lacks an objective and deeper under standing of their concerns and grievances. In addition, the general lack of awareness of civil rights and the pervasive culture of undermines the capacity apathy of citizens to become organised and protect their rights. Result is that Government has yet to come up with an appropriate legal and institutional mechanism to redress consumer related grievances and to protect their rights.
2.6.11. Bangladesh

The poor implementation of the consumer Acts in Bangladesh is also mainly responsible for consumer exploitation. Finally, the industrial development in Bangladesh is still in its infancy stage, which could be one of the possible reasons for the consumer exploitation because due to lack of production, the consumers are not getting sufficient choice of product so they are bound to purchase the same product, which is available in the market whether it is good or bad. The Government of Bangladesh has adopted some legislative measures from time to time towards protecting consumers from malpractice of the dishonest traders and manufacturers.

The important legislation with regard to this includes:

i) Trade marks Act 1940.

ii) Patents and Designs Act 1911.

iii) Pure Food Ordinance 1959.


Though the Government has formed many effective Acts regarding Consumer Protection, but consumer is still exploited by the dishonest traders in Bangladesh.

2.7. Consumer Movement in India

India’s history reveals that in various periods and regimes of different kings and dynasties prior to the British rule, there were enactments to punish the dishonest and unfair traders and producers. The consumerism which is now familiar all over the world is not a new one. As early as 1750 B.C the Mesopotamians had laws on money lending, weights and measures and prices. The laws of Manu and Chanakya’s ‘Arthasastra’ also refer to the punishments to be awarded to dishonest
traders. The British introduced in India laws such as the Sale of Goods Act, Weights and Measurements Act which were being followed in England. Some organized effort to protect consumers from the middlemen was made in the 1940s by eminent freedom fighters such as Sri Tanguturi Prakasam, Sri C. Rajagopalachari (Rajaji), etc., in Southern India. They started consumer co-operative stores to retail essential commodities. This became a social movement and the concept of consumer co-operatives spread to different parts of the country.

Today, consumer organizations such as the Mumbai Grahak Panchayat in Mumbai are continuing this approach to consumer welfare by organizing the procurement and distribution of essential items to their members. The origin and growth of the consumer movement in India which has many similarities to the movements elsewhere can be divided into three significant phases. The first phase constitutes the 1960s in which organizations such as the Consumer Guidance Society of India (Bombay) were formed to inform and educate consumers on the quality of goods and services and to conduct simple tests on goods of daily consumption. During the second phase, 1970-1980, shortages in the supply of essential commodities and the unsatisfactory functioning of the Public Distribution System (PDS) led activists to form consumer organizations in their towns and localities to ventilate their grievances to the authorities concerned.

Several such organizations which were formed between 1970 and 1980 were primarily concerned with the problems of inflation, food adulteration and the Public Distribution System. These organizations served a very useful purpose as voluntary vigilance groups in the market place. The third phase of growth covering the period from 1981 to 1990 signifies expansion and consolidation of the consumer movement in India, especially after 1986. With the enactment of the Consumer Protection Act, 1986, there has been a spurt in the number of new organizations in the country. We can certainly say that the consumer movement in India has come of age. Beginning with less than 10 organisations in 1965, we had by 1996 established over 900 consumer organizations across the country. This is the
largest number of consumer organisations in any country in the world. Narada and Brihaspati laid on various laws to safeguard the interests of buyers and sellers.102

Thus, it is clear that even during early civilization, legislations existed to protect the interest of consumers. The development of consumerism in India can be classified into three stages, namely.

i. Pre-Independence

ii. Post – Independence up to 1980 and

iii. After 1980’s 103

2.7.1. Pre-Independence Days:

Before independence in India, there was legislation to protect the Indian consumers. But, rise in sale of goods and the problems resulted in disputes between the seller and buyer and the Indian Contract Act, 1872, was amended and the Sale of Goods Act, was passed in 1930 to provide some safeguards to the seller and much protection to the buyer. In 1934, Mahatma Gandhi and Adam Smith clearly supported the need and protection of the Indian Consumer. As a result, the Agricultural Produce Grading and Marketing Act, 1937 was passed and in 1940, the Drugs Act, 1940 was enacted to regulate the irresponsible behaviour of the seller. But, nothing substantial was done for educating the consumer or for redressal of his grievances. Thus, the development was neither satisfactory nor was it up to the expectations of the Indian Consumers.

2.7.2. Post- Independence Days:

The first Consumer organization in India was established in the year 1949 by R.R. Dalavai in Madras, under the auspices of Shri Rajagopalachari. Since then, consumerism in India started taking
shape with a few mass membership organizations. After the constitution of India came into force it provided some safeguards for the benefit of its citizens under various Articles. The Indian legislature has enacted several legislations. These Acts indirectly provided protection to the Indian consumers and brought Indian consumerism to a new orientation which was supported by a majority of the courts. Some Voluntary Consumer Organizations came into existence and substantially influenced consumerism in India. The Consumerism Education and Research Centre, Ahmedabad, (1978) is the most popular voluntary organisation. It has successfully filed prosecuted many cases for the protection of consumer interest.\textsuperscript{104}

Inspite of the above legislative, judicial, administrative and organizational help, consumerism in India suffered from some shortcomings they sabotaged the desire goal of consumerism. The facts of the heterogeneity of the consumer groups, overlapping role of the individual members, illiteracy, apathetic attitude of the consumer, lack of consumer awakening, information gap, performance gap, different views of the market place, the poverty,\textsuperscript{105} the complexity of goods, altered the pattern of communication, fundamental innovation, problems of developments,\textsuperscript{106} inactive consumer involvement, solidarity of consumer, and the defective redressal machinery for consumer, created hindrances in the path of success of consumerism on its way to reach its desired goal.

2.7.3. After 1980’s

After 1980’s the development of consumerism in India is remarkable and more or less equal to that of the advanced countries such as the U.S.A the U.K., and the like. The Indian legislature passed a few important social legislations, during this period. Out of these enactments, the Consumer

\textsuperscript{106} Miss susilna Nair “Promoting Consumer Education in Developing Countries”, published in Astand Pacific consumer, January, 1981.
Protection Act, 1986, is one of the best pieces of social legislation, designed to achieve the welfare of the Indian Consumers.

Besides, states have also made certain rules to implement the objectives of this Act. The provision of speedier redressal, free of cost through the Consumer Dispute Redressal Agencies (CDRAs) such as the District Forum, the State Commission and the National Commission, is one of the special features of this Act.

2.8. Problems faced by Indian Consumers

Frequently, India faces to severe problem of imbalance demand and supply of essential commodities. This has caused for hoarding and black market profiteering, corruption, red tapism responsibility and arrogance while dealing with consumers.

- With low literacy levels and incorrect information generated, many of the Indian consumers are not consciously aware of their rights. This encourages businessmen to develop a hard attitude towards their consumers.

- Indian consumers become a victim of ineffective competition and is forced to make a choice from the available few alternative goods and services.

- In the absence of proper information and unfamiliarity with some of the new product features, consumers, at times, become easy victims and accept substandard, inferior and even defective products.

- In the Indian scenario marketing environment is still highly conducive to the businessmen rather than the consumer. In practical they are kings and the consumers are their followers.

- Consumerism is still in the infant stage and hence not well organised and developed as in the developed countries.

- The legal framework and redressal system in India is a time consuming, with loophole and tiresome process. Thus consumers are not interested to seek redressal of their grievances by taking the help of consumer grievance redressal forums.
The public sector undertakings were started to compete with the private sector and to protect the interest of the general public by the Government with huge investments. But these organisations could not serve as per the expectations.

The existing laws which have been framed to protect and safeguard the interest of the consumers at large, are not being effectively implemented and enforced to achieve the objectives of the Consumer Protection Act.

2.9. Importance of Consumer Organisation

Throughout the world, the producer and the manufacturer have powerful organization to secure their interest. In the absence of adequate co-operation from the consumers against the unscrupulous businessman, not a Single Act to protect the consumer could be implemented effectively. So, the consumers must invite and form an association to protect their interests. The involvement of voluntary organizations to create public awareness by holding seminars, exhibitions and media publicity and thus to educate consumer has become absolutely necessary under these circumstances. Realising the importance of such organizations, to-day Government itself made call for consumer movement. But, they are still not sufficiently organized and functioning due to certain constraints given below.

2.10. Constraints in Organising Consumers

The heterogeneity of the consumer group with various socio-economic and cultural backgrounds, demographic and geographical dispersion of individual consumers having wide varieties, needs, attitudes and social status acts as a constraint to form consumer organizations.

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107 Minister of Food and Civil Supplies, Sukh Ram Calls for Consumer Movement-see” The Hindustan Times”, New Delhi, April, 29, 1988, p.5.
Multiple overlapping roles of individual consumers (for example labour in an organization is playing a role of consumer in the society) with diverse interest and attitudes are often contradictory and conflicting with each other. This is another constraint in the formation of consumer organization.

Under present condition of scarcity of goods, individual consumers are more interested to protect self interest, even by paying higher prices, for short and immediate benefits ignoring the long range common interest. The protection of self interest over common interest always lays constraints on the organization of consumer.

The major bottleneck in the growth of consumer organization and consumer movement in India is also the mental attitude and apathy on the part of consumer himself. He is not willing to fight for his rights himself due to his negligent attitudes to which he terms on ‘lack of time’. This tendency of negligence and non-co-operation, greatly constraints the organization of consumer.

Lack of Government support, mass - illiteracy and grave poverty of the consumers of India in one way or other affect the organization of consumer. Lack of consumer awakening, the information gap, the performance gap, different view of the market place, the poverty, the complexity of goods, altered pattern of communications, fundamental innovation, problems of development, inactive consumer involvement and solidarity of consumer are some of the other constraints in organizing consumers.

### 2.11. Techniques used by Consumer organizations

**Education**: Consumer Education is being imparted by consumer organizations about their rights, responsibilities of the consumers and the laws so as to make them protect their interest. Consumer organizations can give timely and well written press releases to provide information to the public about their activities. Articles and features dealing
with consumer issues and problems can be written and published in newspapers and magazines. Like this, consumer organization should make use of the different media effectively so as to educate and create awareness in the minds of the consumers and the techniques to be adopted in protecting their rights and interests.

**Research**: It is an important technique in the hands of Consumer Organizations which gives priority to the different issues of consumers relating to safety, quality, and durability, price and so on of goods or services. The findings of the research are being published by the consumer organization so as to increase the awareness of the consumers in protecting their interests.

**Education of Members of Parliament**: Making the parliament aware of consumer problems through unstared questions by MP’s sending memoranda signed by a large number of people, may even help in the passing of laws in the interests of the consumers.

**Complaints**: Consumer organizations play a vital role in getting redressal for the complaints sent to them by individual consumers. They used to fight on behalf of the affected consumers and try to solve their problems.

**Litigation**: In case of failure to redress the grievances of the consumers through negotiation, they will even go to the extent of taking up the issues to the consumer court on behalf of the consumers and fight for the consumer rights through legal remedy at free of cost.

2.12. Conclusion

This chapter has covered the origin and growth of consumerism abroad and also in India. Thus consumerism has gained prominence all over the world and in India too. Awareness of consumer rights is very poor especially among the population in rural and far-flung areas of the country. It also varies in different regions in the country. Compared to the developed countries, the levels of consumer awareness in such a vast country with a large population like India is much lower. This is rooted in economic inequality, low levels of literacy and ignorance. Because of this, consumers are not able to assert their rights and on many occasions are exploited by the trade and industry and service
providers. Protecting and promoting the welfare of consumers has thus become one of the major concern

Educating more than 110 crore people of various categories of population particularly those in rural areas where consumers are more susceptible to exploitation, on various subject matters on consumer interests which are being dealt by different Ministries/Department, is a gigantic task that can only be undertaken as a sustained national programme with adequate funds made available for the purpose. Globalisation and liberalisation of trade and business has resulted in many products and services being available to the consumers. Growth in economy has resulted in increase in the purchasing power of the middle class section, which is the largest segment of the population. This has necessitated giving high priority for the protection of the consumers and promotion of responsible consumer movement in the country.

Consumer grievances redressal mechanism, and be responsive to consumers, and the various Consumer organisations and academic institutions and research organisations who can supplement the efforts of the Government and could be vehicles for effective launch of a massive consumer movement in the country. The role of State Government is very important to increase the awareness among the consumers. The State Government and Voluntary Organisations are expected to implement various programmes to increase the awareness about consumers’ rights.