CONSUMERISM – A CONCEPTUAL FRAMEWORK

The concept “consumer” can be traced back to Adam Smith. In his 'Wealth of Nations', he pointed out flaws in Capitalism (it is a way to regulate the selfish passions instead of the welfare of consumers, it is a welfare among producers and it entails intrinsic costs and mounting wastages of competition which have fuelled the fire for today’s quest for consumer rights)\textsuperscript{126}. The United States has been the leader in consumerism in the world since consumers first began to recognise that they had rights in the market place. Perhaps the real beginning of this awareness dates back to the Boston Tea Party in 1773, in which American patriots boarded British ships and tossed incoming tea chests in protest against unfair taxes. Further, the information of National Consumer League in 1899 was an indication of the growing strength of the consumer movement. Some studies have shown that some consumer groups existed in the United States as early as the middle of 19\textsuperscript{th} century.\textsuperscript{127}

The consumer movement had its origin in America during the late 1950s when the commentators like Vance Packard and Ralph Nader began to alert consumers to the fact that businesses were concerned more for their own profits than consumers or environmental welfare. Ralph Nader’s book, ‘Unsafe at any speed’ successfully challenged the might of one of the world’s largest multinationals, General Motors, and signalled the birth of consumerism.\textsuperscript{128}

Vance Packard coined the term consumerism and he was one of the first gentlemen to use this expression, while discussing various problems of marketing such as planned obsolescence, declining quality and the absence of satisfactory after-sale-service, particularly in saturated mass consumption markets for convenience goods. This connotation has gradually gained widespread usage and momentum during 1960s.\textsuperscript{129}

The Basic Rights of Consumers were first recognised and defined on 15\textsuperscript{th} March 1962 by John F. Kennedy, the then President of the United
States of America in his special message to the American Congress on Consumer Protection. The General Assembly of the United Nations unanimously adopted a set of general guidelines for consumer protection in 1985. The purpose of these guidelines was to initiate an attempt to create an International framework within which National Consumer Protection policies and measures can be worked out. They are also intended to assist the international community in its consideration of the question of consumer protection policy and to further international cooperation in this field. When these guidelines were passed, most of the developing countries including India, witnessed the ever-growing concern for consumer protection mainly due to the pains-taking efforts of the International Organisation of Consumer Unions (IOCU) (Renamed as ‘Consumers International’ in 1993). In India, the VCOs along with other pressure groups were unanimous and unequivocal in their demand for a separate full-fledged piece of legislation for consumer protection. The emerging concern for consumer protection and for a better quality of life, thus culminated in the enactment of a significant piece of legislation by the Indian Parliament on 24th December 1986, known as “Consumer Protection Act, 1986”.

CONSUMERISM

Consumerism is an evolving set of activities of Government, Business and Independent organisations and concerned consumers that is designed to protect the rights of consumers. In the olden days the principle of “caveat emptor”, which meant “buyer beware” governed the relationship between the seller and the buyer. In the era of open markets buyer and seller came face to face, seller exhibited his goods, buyer thoroughly examined them and then purchased them. It was assumed that he would use care and skill while entering into transaction. The maxim relieved the seller of the obligation to make disclosures about the quality of the product. In addition, the personal relation between the buyer and the seller was one of the major features in their transactions. But with the growth of trade and its
globalisation the rule no more holds true. It is now impossible for the buyer to examine the goods before hand and most of the transactions are concluded by correspondence, email and internet. Further, on account of the complex structure of modern goods, it is only the producer/seller who can assure the quality of goods. With the manufacturing activity becoming more organised, the producers / sellers are becoming stronger and organised whereas the buyers are still weak and unorganised.\textsuperscript{133}

In the age of revolutionised information technology and with the emergence of e-commerce-related innovations, the consumers are further deprived to a great extent. As a result, the buyer is being misled, duped and deceived day in and day out. Mahatma Gandhi attached great importance to what he described as the “Poor Consumer”, who according to him should be the principal beneficiary of the consumer movement. He said –“A customer is the most important visitor in our premises. He is not dependent on us. We are dependent on him. He is not an interruption on our work. He is the purpose of it. He is not an outsider on our business. He is a part of it. We are not doing him a favour by serving him; he is doing us a favour by giving us an opportunity to do so”.\textsuperscript{134}

In spite of these views, consumerism is still in its infancy in India. Consumer awareness is low due to the apathy and lack of education among the masses. No one has told them about their rights. What consumerism lacks here are education and information resources, testing facilities, competent leadership, price control mechanism, and adequate quasi-judicial machinery. The providers of goods and services have been reluctant to give consideration to consumer interest protection.\textsuperscript{135} In the present situation, consumer protection, though as old as consumer exploitation, has assumed greater importance and relevance. Consumerism is a social movement. In the literature on marketing, there appears to be no generally accepted operational definition of consumerism. In spite of that, various scholars and consumerists have defined the term ‘Consumerism’ differently. But strictly speaking, the concept has wider
connotations. Some of the important definitions of consumerism are given below.

DEFINITIONS

'Consumerism' is a very popular phrase in the realm of marketing. Just as the most talked and written about economic systems, 'Capitalism', 'Socialism' and 'Communism', 'Consumerism' too is fast gaining currency with the difference that it is perceived as a "Peoples' Movement" rather than as a system.

Consume means "to waste, squander; to use up, to eat up, to drink up; to take up, spend, waste (time); to waste away". These words well describe the economic behaviour in the "Consumer Society".

According to the Mc Millan Dictionary, "Consumerism is concerned with protecting consumers from all organisations with which there is an exchange relationship. It encompasses the set of activities of government, business, independent organisations and concerned consumers that are designed to protect the rights of consumers".

According to the New Encyclopaedia Britannica, "Consumerism is a movement or a set of policies aimed at regulating the products or services, methods and standards of manufacturers, sellers and advertisers in the interests of the buyers. Such regulation may be institutional, statutory or embodied in a voluntary code accepted by a particular industry, or it may result more indirectly from the influence of consumer organisations".

According to the New Shorter Oxford Dictionary, "Consumerism is all about protection of the interests of the consumers".

According to L. Barder, et al, "Consumerism is a collective action of consumers to secure protection from commercial terrorism".

Peter F. Drucker offers the following definition of consumerism. "Consumerism means that the consumer looks upon the manufacturer as somebody 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 effort to find out, who does not understand the world in which the consumer lives, and who expects the consumer to be able to make distinctions which the consumer is neither willing nor able to make”.

David W. Cravans and Hill\textsuperscript{142} describe consumerism “as a social force within the environment designed to aid and protect the consumer by exerting legal, moral and economic pressure on business”.

Richard H. Buskirk and James T. Rothi\textsuperscript{143} define consumerism as “an organised effort of consumers seeking redress, restitution and remedy for dissatisfaction they have accumulated in the acquisition of their standard of living”.

W.J. Stanton\textsuperscript{144} states that, “Consumerism is an organised reaction of consumers to have business unfair practices remedied”.

Philip Kotler\textsuperscript{145} says that, “Consumerism is not limited to organised efforts only but, is a social movement seeking to augment the rights and powers of buyers in relation to sellers”.

John A. Cappett\textsuperscript{146} offers behaviour-oriented definition. He says “Consumerism is a form of psychological projection engaged by consumers who as a result of repeated failure to attain a desired lifestyle have accumulated negative attitude towards marketers in the form of criticism that seem to be socially acceptable to those who hear the complaints”.

A. Fazal\textsuperscript{147} says, “Consumerism is a phenomenon of group awakening ushered in a social movement to fight against injustice and seek a fair deal in the exchange process”.

Consumerism as analysed by Harper W. Boyed Jr. and David E. Allen Jr.\textsuperscript{148} is, “the dedication of those activities of both public and private organisations which are designed to protect individuals from practices that impinge upon their rights as consumers”.

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H.C. Chaudhary\textsuperscript{149} states, “Consumerism is a wide range of activities to protect individuals from business malpractices which infringe upon their rights as consumers and to put buyers on parity with the sellers”.

David Aaker and George Day\textsuperscript{150} take an environmental view of consumerism as one that is increasingly interwoven with and converging on common issues. As they aver, “consumerism encompasses the evolving set of activities of governments, business and independent organisations, that are designed to protect the rights of consumers”.

In fact, consumerism today is an all-pervasive term meaning nothing more than people’s search for getting better value for their money. Consumer is the focal point of any business. Consumers’ satisfaction will benefit not only business but the government and society as well. So, consumerism should not be considered as consumers’ war against business. It is a collective consciousness on the part of consumers, business, government and civil society to enhance consumers’ satisfaction and social welfare which will in turn benefit all of them and finally make the society a better place to live in.\textsuperscript{151}

CONSUMER

The meaning of the term “consumer” is rather illusory. The term is used as opposed to the terms ‘producer’, ‘seller’, ‘trader’ and ‘distributor’. In common parlance, the term is used in contradiction to the producer or manufacturer on the one side and trader or seller on the other side. The “consumer” is often identified with the “purchaser”.

However, the meaning of the term ‘consumer’ given by different authorities and scholars are presented below.

Section 4 of the CPA, 1978 of Finland\textsuperscript{152} defines consumer as “a person who acquires consumer goods or services primarily for his personal use or for use in his private household.”
The Random House Dictionary defines the consumer as "a person or an organisation that uses a commodity or services".

The Oxford Advanced Learners’ Dictionary also defines the consumer as "a person who buys goods or uses services".

According to the Oxford English Dictionary, a consumer is "one who purchases goods or pays for services".

According to the Collins English Dictionary, the consumer is "a person who purchases goods and services for his own personal needs".

The Longman Dictionary of English Language defines the consumer as "one who purchases goods or services".

According to Webster’s New World Dictionary, "a consumer is a person who buys goods or services for his own use and needs and not for resale".

Ralph Nader, the Father of modern consumerism views that the term, "consumer should be equated with the word ‘citizen’ and that Consumer Protection Law should be regarded as an aspect of the Protection of civil rights".

The Molony Committee on consumer protection in Britain regarded a consumer as "one who purchases (or hire purchases) goods for private use or consumption".

Section 1 of the Draft Consumer Protection Act for Slovenia defines the consumer as "a person who acquires goods and services in the first place for personal use in his / her household".

From the above definitions, it is clear that a consumer is a person who buys goods or services for a price for ultimate consumption or personal need without the object of making money out of the use of the goods purchased.
THE CONSUMER MOVEMENT

The Consumer Movement is a massive people’s combat against the omnipresent evils of the business people. The Consumer Movement is a countervailing defensive force to protect consumers’ interest from the deceiving attitude and abuses of economically powerful sellers. The “Consumer Movement” may be described as the organisations’ activities and attitudes of consumers in their relation to the distribution of goods and services, i.e., in exchange relationship between buyers and sellers.162

It gives new emphasis to the consumer’s right to full and correct information on prices, on quality and quantity of commodity, and on costs and efficiency of distribution. The movement displays the efforts of consumers themselves. It is not a concerted movement; in reality, it is a series of efforts having in common the feeling of dissatisfaction with goods and services and the marketing practices involved in their distribution. Coupled with this protest is a demand for information and for protection in the market.

CONSUMER PROTECTION

The concept of consumer protection focuses on the problems of consumers in relation to the sellers.163 Consumer Protection has arisen because of the exploitation of consumers by the business community. Most of the consumers often become the victims of adulterated, spurious, hazardous, duplicate and sub-standard goods as well as incorrect weights and measurements. By resorting to unethical, false and misleading advertisement, business makes quick money at the cost of consumers. The consumers are not only subject to exploitation by private sector enterprises but also by public sector enterprises like State Electricity Boards, Telephone Departments and Commercial Banks etc. Despite a number of laws passed to protect the interests of the Indian consumers, it is observed that they are not aware of their rights. In spite of various price control measures, the traders in India adopt their own dubious methods to get still higher prices.
Even educated people are cheated by businessmen in a sophisticated way. Thus, the various problems faced by the consumers led to the growth of consumer protection.\textsuperscript{164}

The term Consumer Protection is a combination of two words – ‘Consumer’ and ‘Protection’. The latter signifies some kind of safeguard for the former. Consumer Protection signifies the legal safeguards provided to the persons, who procure goods and services to ensure that they get true quality and quantity. The phrase “Consumer Protection”, in the larger context, would refer to some kind of safeguard for the members of the society from all sorts of malpractices and exploitative deeds of market operations, the incidence of which in the final analysis affect adversely the individual in the society – the consumer. Under the social conditions in which the average Indian citizen survives, he/she needs and requires to be protected from the social evils. Therefore, the Consumer Protection is nothing but providing safeguard to the basic rights of consumers. It also refers to the technical and legal side of protecting the consumer interest. Hence, Consumer Protection is directly related to the government and its machinery including the courts established under various laws, which are entrusted with the responsibility of implementing the laws relating to consumers.\textsuperscript{165}

There are three agencies for ensuring consumer protection.

- Self-help, i.e., Voluntary Consumer Organisations (VCOs).
- Business, by self-regulation.
- Government, by having special Acts and implementing those laws strictly.
The consumer interest in the market place can be protected by VCOs through self-help, and business organisations through self-regulation. Consumerism invokes government assistance when business misbehaves and fails to fulfil social responsibilities. In India, Consumer Protection comes under the Union Ministry of Food, Civil Supplies, Public Distribution and Consumer Affairs.

UN GUIDELINES FOR CONSUMER PROTECTION

In the history of the development of Consumer Policy, April 9, 1985 is a very significant date. It was on that day that the General Assembly of the United Nations adopted a set of general guidelines for consumer protection and the Secretary General of the United Nations was authorised to persuade member countries to adopt these guidelines through policy changes or law. The adoption of these guidelines unanimously is one of the greatest achievements of the International Movement for Consumer Protection. In view of the rising power and control of multinationals, the guidelines will effectively arm the governments with the moral authority to
take measures for Consumer Protection. These guidelines include the adopting of consumer economic rights, distribution facilities for essential consumer goods and services, effective redressal machinery, developing education and the formulation of programmes of consumer interest. The objectives of the guidelines have been defined thus;

- To assist countries in achieving or maintaining adequate protection for their population as consumers;
- To encourage high levels of ethical conduct for those engaged in the production and distribution of goods and services to consumers;
- To facilitate production and distribution patterns responsive to the needs and desires of consumers;
- To assist countries in curbing abusive business practices by all enterprises at the national and international levels which adversely affect consumers;
- To facilitate the development of independent consumer groups;
- To encourage the development of market conditions which provide consumers with greater choice at lower prices.

India has acted upon most of these guidelines, which are of special significance for developing countries. India was one among the nearly 185 countries who agreed to adopt the United Nations Guidelines for Consumer Protection. Even before the adoption of the UN guidelines, the government in 1984, in its 20 Point Programme at No. 17, expanded the section calling for promotion of a strong Consumer Protection Movement. In the 1980s a few states took measures for an independent system of consumer redressal. Therefore, it will be unfair to say that Consumer Protection measures in India did not exist before 1986. However, the three components of implementing UN Guidelines for Consumer Protection are—the government, the business undertakings and the Voluntary Consumer Organisations.
CONSUMER PROTECTION ACT 1986

An important landmark in the history of Consumer Protection Legislation in India is the Consumer Protection Act (CPA) of 1986, which provides for a system for the protection of consumer rights and the redressal of consumer disputes. Having got the inspiration from the UN Guidelines, after having thorough discussion at various levels on the enactment of the Consumer Protection Act, the Government of India under the leadership of the then Prime Minister, Late Sri Rajiv Gandhi, the Consumer Protection Bill 1986 was introduced in Loksabha on 9th December, 1986 by Sri H.K.L. Bhagath, the then Minister of Parliamentary Affairs and Minister for Food and Civil Supplies. There was universal approval of the Bill in both the Houses of Parliament and ultimately received the assent of the President on 24th December 1986. It came into force on April 15, 1987 and all the provisions of the Act came into operation in July 1987. The CPA has 04 Chapters and 31 Sections. This Act has been regarded as the most progressive, comprehensive and unique piece of legislation. Though it came into force forty years after our political freedom, it was welcomed as one of the first steps in our fight for economic freedom. In the International Conference on Consumer Protection held in Malaysia in 1997, the Indian Consumer Protection Act was described as one which has set in motion a revolution in the field of consumer rights, the parallel of which has not been seen anywhere else in the world.

OBJECTIVES OF THE ACT

The main objective of the Act is to provide for the better protection of the interests of consumers and for that purpose to make provision for the establishment of Consumer Councils and authorities for the settlement of consumers' disputes and for matters connected therewith. The Act intends to provide simple, speedy and inexpensive redressal to consumers for their grievances. The Act extends to the whole of India except the state of Jammu
and Kashmir and applies to the sale of all goods and services. An outstanding feature of the Consumer Protection Act 1986 is that it applies not only to the private sector but also to the public sector and government agencies as well. The provisions are in addition to, not in derogation of, provisions of other laws. Amendments also have been made to CPA in the year 1991, 1993 and 2002.

The different concepts used in the study and defined by the CPA 1986 are as follows:

**CONSUMER**

Section 2 (1) (d) (i) and (ii) of the Consumer Protection Act 1986 defines “Consumer” as a person who –

(i) buys any goods for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment and includes any user of such goods other than the person who buys such goods for consideration paid or promised or partly paid or partly promised, or under any system of deferred payment when such use is made with the approval of such person, but does not include a person who obtains such goods for resale or for any commercial purpose; or

(ii) (hires or avails of) any services for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment and includes any beneficiary of such services other than the person who (hires or avails) the services for consideration paid or promised, or partly paid and partly promised, or under any system of deferred payment, when such services are availed of with the approval of the first mentioned person. (but does not include a person who avails of such services for any commercial purpose).
Explanation: For the purposes of sub-clause

(i) “Commercial purpose” does not include use by a consumer of goods bought and used by him and services availed by him exclusively for the purpose of earning his livelihood, by means of self-employment.\textsuperscript{175}

PERSON

“Person\textsuperscript{176} includes –

(i) a firm whether registered or not;
(ii) a Hindu undivided family;
(iii) a co-operative society;
(iv) every other association of persons whether registered under the Societies Registration Act, 1860 (22 of 1860) or not.

COMPLAINANT

“Complainant” means –

(i) a consumer; or
(ii) any Voluntary Consumer Association registered under the Companies Act 1956 (1 of 1956), or under any other law for the time being in force; or
(iii) the Central Government or any State Government,
(iv) one or more consumers, where there are numerous consumers having the same interest,\textsuperscript{177} who or which makes a complaint.\textsuperscript{178}
(v) in case of death of a consumer, his legal heir or representative.\textsuperscript{179}
"Complaint" means any allegation in writing made by a complainant that –

(i) an unfair trade practice or a restrictive trade practice has been adopted by any trader or service provider.\textsuperscript{180}

(ii) the goods bought by him or agreed to be bought by him suffer from one or more defect.\textsuperscript{182}

(iii) the services hired or availed of or agreed to be hired or availed of by him suffer from deficiency in any respect.\textsuperscript{183}

(iv) a trader or the service provider, as the case may be, has charged for the goods or for the services mentioned in the complaint, a price in excess of the price\textsuperscript{184} –

(a) fixed by or under any law for the time being in force;

(b) displayed on the goods or any package containing such goods;

(c) displayed on the price list exhibited by him by or under any law for the time being in force;

(d) agreed between the parties;

(v) goods, which will be hazardous to life and safety when used, are being offered for sale to the public, -

(A) in contravention of any standards relating to safety of such goods as required to be complied with, by or under any law for the time being in force;

(B) if the trader could have known with due diligence that the goods so offered are unsafe to the public;

(vi) services which are hazardous or likely to be hazardous to life and safety of the public when used, are being offered by the service provider which such person could have known with due diligence to be injurious to life and safety.\textsuperscript{185}
CONSUMER DISPUTE

“Consumer Dispute” means a dispute where the person against whom a complaint has been made, denies or disputes the allegations contained in the complaint.

DEFECT

“Defect” means any fault, imperfection or shortcoming in the quality, quantity, potency, purity or standard which is required to be maintained by or under any law for the time being in force or under any contract, express or implied, or as is claimed by the trader in any manner whatsoever in relation to any goods.

DEFICIENCY

“Deficiency” means any fault, imperfection, shortcoming or inadequacy in the quality, nature and manner of performance which is required to be maintained by or under any law for the time being in force or has been undertaken to be performed by a person in pursuance of a contract or otherwise in relation to any service.

GOODS

“Goods” means goods as defined in the sale of Goods Act, 1930.

Section 2(7) of the Sale of Goods Act defines “goods” thus – “Goods means every kind of movable property, other than actionable claims and money; and includes stocks and shares, growing crops, grass and things attached to or forming part of the land which are agreed to be served before sale or under the contract of sale”.

SERVICE

“Service” means service of any description which is made available to potential users and includes but not limited to the provision of facilities in connection with banking, financing, insurance, transport, processing, supply of electrical or other energy, boarding or lodging or both, housing
construction\textsuperscript{192}, entertainment, amusement or the purveying of news or other information, but does not include the rendering of personal service.\textsuperscript{193}

**MANUFACTURER**

"Manufacturer" means a person who\textsuperscript{194} –

(i) makes or manufactures any goods or part thereof; or

(ii) does not make or manufacture any goods but assembles parts thereof made or manufactured by others; or

(iii) puts or causes to be put his own mark on any goods made or manufactured by any other manufacturer.

Explanation: Where a manufacturer dispatches any goods or part thereof to any branch office maintained by him, such branch office shall not be deemed to be the manufacturer even though the parts so dispatched to it are assembled at such branch office and are sold or distributed from such branch office.\textsuperscript{195}

**RESTRICTIVE TRADE PRACTICE**

"Restrictive Trade Practice" means a trade practice, which tends to bring about manipulation of price or its conditions of delivery or to affect flow of supplies in the market relating to goods or services in such a manner as to impose on the consumers unjustified costs or restrictions and shall include –

(a) delay beyond the period agreed to by a trader in supply of such goods or in providing the services which has led or is likely to lead to rise in the price;

(b) any trade practice which requires a consumer to buy, hire or avail of any goods or, as the case may be, services as condition precedent to buying, hiring or availing of other goods or services.\textsuperscript{196}
**TRADER**

"Trader" in relation to any goods means a person who sells or distributes any goods for sale and includes the manufacturer thereof, and where such goods are sold or distributed in package form, includes the packer thereof.\(^{197}\)

**CONSUMER OMBUDSMAN**

The "Consumer Ombudsman" (A Consumer Protection Agency) is the Commissioner for consumers – a chief officer of Central Consumer Council appointed by the government. He is in charge of enforcing and administering the Consumer Protection Act. He can speed up legal process in dealing with trade practices.

**CONSUMER PROTECTION COUNCILS**

Consumer Protection Act provides for better protection of the interests of consumers by making provision for the establishment of Consumer Protection Councils. CPA provides for the establishment of Central Consumer Protection Council by the Central Government at the National level and State Consumer Protection Councils by the respective State Governments at the State level and also District Consumer Protection Councils by the respective State Governments at the District level. They will provide a platform for the discussion of consumer problems and would advise the Central or concerned State Governments on policies and programmes to safeguard the interests of the consumers.
CONSUMER DISPUTES REDRESSAL AGENCIES

CHART 2.3

Consumer Disputes Redressal Agencies

- District Consumer Disputes Redressal Forum (Up to Rs. 20 lakhs)
- State Consumer Disputes Redressal Commission (Above Rs. 20 lakhs and below Rs. 1 crore)
- National Consumer Disputes Redressal Commission (Above Rs. 1 crore)

The Act also provides for the establishment of the three tier Consumer Disputes Redressal Agencies, viz., District Consumer Disputes Redressal Forum at the District level, State Consumer Disputes Redressal Commission at the State level and National Consumer Disputes Redressal Commission at the National level. It was only after the intervention of the Supreme Court of India on the basis of a Public Interest Petition filed by a VCO, 'Common Cause' that these Agencies were established by and large throughout the country in the beginning of 1993, i.e., seven years after the passing of the beneficial legislation.198

NATIONAL COMMISSION

The National Consumer Disputes Redressal Commission also called the National Commission consists of –

- A person who is or has been a judge of the Supreme Court appointed by the Central Government. He acts as the President of the Commission.
- The other four members who are persons of ability, integrity and standing and have an adequate knowledge and experience of the problems relating to Economics, Law, Commerce, Accountancy, Industry, Public Affairs or Administration. One of the four members must be a woman.
**STATE COMMISSION**

The State Consumer Disputes Redressal Commission also called the State Commission consists of-

- A person who is or has been a judge of High Court appointed by the State Government. He acts as the President of the Commission.

- The other two members who are persons of ability, integrity and standing with an adequate knowledge and experience of the problems relating to Economics, Law, Commerce, Accountancy, Industry, Public Affairs or Administration. One of the two members must be a woman.

**DISTRICT FORUM**

The District Consumer Disputes Redressal Forum also called the District Forum consists of-

- A person who is or has been or is qualified to be a judge of the District Court appointed by the State Government. He acts as the President of the Forum.

- A person of eminence in the field of education, trade and commerce.

- A lady social worker.

The CPA at present provides the power for the District Forum to decide the complaints whose claims for compensation or the total value of goods and services are up to Rs. 20 lakhs, that of State Commission above Rs. 20 lakhs and up to Rs. 1 crore and that of National Commission above Rs. 1 crore. It is only in India, that we have three-tier Consumer Disputes Redressal Agencies at District, State and National levels with different levels of pecuniary jurisdiction. At present, there are 607 District Fora, 35 State Commissions and a National Commission functioning in India for the protection of consumer interests by settling the consumer disputes.
PROCEDURE FOR FILING COMPLAINTS UNDER CPA

➢ A consumer or a group of consumers with a common interest or any registered VCO or Central or State government on behalf of the consumers can file a complaint with the concerned redressal agencies.

➢ The consumer can initiate the redressal process just by giving a complaint in writing to the concerned Consumer Disputes Redressal Agency.

➢ The consumer should file the case with the Fora/Commission within whose jurisdiction the course of action took place or where the opposite party or its branch office carries business.

➢ Court fee – the payment of fee is a must when filing a complaint. The fee ranges between Rs. 100 and Rs. 5,000 depending on the value of the goods/service involved or the compensation claimed, which is exhibited in Table 2.1.

**TABLE 2.1**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Total value of goods / services or the compensation claimed</th>
<th>Amount of fee payable(Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>District Forum:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Up to Rupees one lakh – for complainants who are under the Below Poverty Line holding Antyodaya Anna Yojana cards</td>
<td>Nil</td>
</tr>
<tr>
<td>2</td>
<td>Up to Rupees one lakh – for complainants other than Antyodaya Anna Yojana card holders</td>
<td>Rs. 100</td>
</tr>
<tr>
<td>3</td>
<td>Above Rupees one lakh and up to five lakh</td>
<td>Rs. 200</td>
</tr>
<tr>
<td>4</td>
<td>Above Rupees five lakh and up to ten lakh</td>
<td>Rs. 400</td>
</tr>
<tr>
<td>5</td>
<td>Above Rupees ten lakh and up to twenty lakh</td>
<td>Rs. 500</td>
</tr>
<tr>
<td><strong>State Commission:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Above Rupees twenty lakh and up to fifty lakh</td>
<td>Rs. 2000</td>
</tr>
<tr>
<td>7</td>
<td>Above Rupees fifty lakh and up to one crore</td>
<td>Rs. 4000</td>
</tr>
<tr>
<td><strong>National Commission:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Above Rupees one crore</td>
<td>Rs. 5000</td>
</tr>
</tbody>
</table>

*Source:* Notification issued by the Department of Food, Civil Supplies and Consumer Affairs, Government of Karnataka, dated 23rd June 2005.
The consumer need not hire a lawyer to represent his case.

The consumer should file his complaint within two years of the cause of action.

A case is supposed to be decided within 90 days of the receipt of the complaint and 150 days in case, the product requires laboratory test.

After the proceedings, on satisfaction that goods complained against suffer from any defect specified in the complaint or that any of the allegations contained in the complaint against service which were recorded, it shall issue an order to the opposite party to take one or more of the following steps, namely,

(a) To remove the defect pointed out by an appropriate laboratory from any goods in question.

(b) To replace the goods with new goods of similar description, which shall be free from any defect.

(c) To return to the complainant the price, as the case may be, the charge paid by the complainant.

(d) To pay such amount as may be awarded by it, as compensation to the consumer for any loss or injury suffered by the consumer due to the negligence of the opposite party.

Consumer Fora / Commissions can award punitive damages. They can also award punitive damages even if the consumer did not incur any loss because of the defective goods or deficient services. Punitive damages are meant to act as a deterrent against deficiencies in the future.

Every order made by the Consumer Fora/Commissions will enforce in same manner as if it were a decree or order made by a court in a suit and failure to comply with the order will mean imprisonment from one month to three years or with fine ranging from Rs. 2000 to no limit or with both.
Consumer Fora / Commissions can pass orders as to penalty and direct the Collector to attach the property of the provider of the goods and services to satisfy the order and operationalise the relief granted.

If the consumer is not satisfied with the judgement of the District Forum, he can appeal to the State Commission. If he is not satisfied with the decision of the State Commission, he can appeal to the National Commission. If he is not satisfied with its decision either, he can appeal to the Honourable Supreme Court. Any appeal against a decision should be made within 30 days of that decision.

When appealing the District Forum’s order in the State Commission, one has to deposit 50% of the money the Forum has ordered against him or Rs. 25,000; for an appeal in the National Commission, the amount rises to Rs. 35,000 or 50% of the Commission’s award; an appeal in the Supreme Court against the National Commission’s award will need 50% of the award or Rs. 50,000, whichever is less respectively.

Consumers have to pay the fine upto Rs. 10,000 for false complaints.

Foreign nationals using products or services in India are considered consumers under the CPA 1986.

CONSUMER RIGHTS

The charter on Consumer Rights has been drawn up to enable a human being to achieve social justice and economic equality. It seeks to redress the imbalances and conflicts between the parties. It may be the individual versus the State, the buyer versus the seller and so on. The charter is not just for the consumer fighting for his rights against any particular state or seller but the fight of the entire world community against exploitation and for achieving a better and just world. Every year, the

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15th of March is observed as “World Consumer Rights Day”. It was on this day, way back in 1962, that Late John F. Kennedy, the then President of the USA, declared four basic Consumer Rights in his special message to the American Congress. He said, “Consumers are the largest group in the economy affecting and affected by almost every public and private economic decisions”. The four rights declared by him are:

→ **Right to Safety**

→ **Right to Choose**

→ **Right to be Informed**

→ **Right to be Heard**

The International Organisation of Consumers Unions (IOCU), at present called Consumers International, has later strengthened the list by adding three more rights. They are;

→ **Right to Seek Redressal**

→ **Right to Consumer Education**

→ **Right to Healthy Environment**

The Government of India recognised all these rights and they are explained below.

1. **Right to Safety**

   It means the right to be protected against the marketing of goods and services, which are hazardous to life and property. The goods purchased and services availed of should not only meet their immediate needs, but also fulfil long term interests.

   Before purchasing, consumers should insist on the quality of the products as well as on the guarantee of the products and services. They should preferably purchase quality marked products such as ISI, AGMARK, BIS and the like.
2. **Right to Choose**

   It means right to be assured, wherever possible of access to a variety of goods and services at a competitive price. In the case of monopolies, it means the right to be assured of satisfactory quality and service at a fair price. It also includes the right to basic goods and services. This is because unrestricted right of the minority to choose can mean a denial for the majority of its fair share. This right can be better exercised in a competitive market where a variety of goods are available at competitive prices.

3. **Right to be Informed**

   It means the right to be informed about the quality, quantity, potency, purity, standard and price of goods so as to protect the consumer against unfair trade practices.

   The Consumer should insist on getting all the information about the product or service before making a choice or decision. This will enable him to act wisely and responsibly and also enables him to desist from falling prey to high-pressure selling techniques.

4. **Right to be Heard**

   It means the consumer’s interests will receive due consideration at the appropriate fora. It also induces the right to be represented in various fora formed to consider the consumer’s welfare. The consumers should form non-political and non-commercial consumer organisations, which can be given representation in, various committees formed by the Government and other bodies in matters relating to consumers.

5. **Right to Seek Redressal**

   It means the right to seek redressal against unfair trade practices or unscrupulous exploitation of consumers. It also includes the right to fair settlement of the genuine grievances of the
consumer. Consumers must lodge complaints on their genuine grievances. Many a time their complaint may be of small value but its impact on the society as a whole may be very large. They can also take the help of consumer organisations in seeking redressal of their grievances.

6. Right to Consumer Education

It means the right to acquire the knowledge and skill to be an informed consumer throughout life. The ignorance of consumers, particularly of rural consumers, is mainly responsible for their exploitation. They should know their rights and must exercise them. Only then real consumer protection can be achieved with success.

7. Right to Healthy Environment

It means the right to a physical environment that will enhance the quality of life. It includes protection against environmental dangers over which the individual has no control. It acknowledges the need to protect and improve the environment for the present and future generations.

VOLUNTARY CONSUMER ORGANISATIONS (VCOs)

Voluntary Consumer Organisation is a non-profit, non-political association of consumers formed to promote and protect the rights and interests of the consumers. They fight against exploitation, create consumer awareness, give consumer education and settle consumer complaints outside the purview of the CDRA. The VCOs can be used in socio-economic terms, as institutions which control the quality, price, availability, weights and measures, safety and hygiene of the products. They have enough social powers. Even though VCOs are Private Organisations, they are so closely associated with the public interest that there is an increasing awareness of social accountability. The VCOs are very powerful Organisations which protect the consumers in general, and particularly the
economically backward. They promote social consciousness and social control over the business activities. Consumer Protection Act 1986 has recognised the registered VCOs. They can file complaints in the CDRAs on behalf of aggrieved consumers.

A recognised VCO means any VCO registered under the Companies Act 1956 (1 of 1956) or any other law for the time being in force.203 The VCOs are often known as “watchdogs”.204 This effective consumer organisation is one, that sees itself, and is seen by others, as integral to making markets work for consumers in conjunction with the other stakeholders in that market. It will do this without compromising its independence and by maintaining its forces as an advocate for consumers.205

In this chapter, we have dealt with the conceptual study of Consumerism, Consumer Movement and Consumer Protection. To sum up, it may be argued that notwithstanding the enactment and the mere successful functioning of the Consumer Protection Act 1986, a vast majority of the Indian population, living in rural areas are prone to various types of exploitation due to illiteracy and ignorance; they need to be educated, informed and protected from the clutches of the unscrupulous traders and unethical professionals.

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