CHAPTER-II

DESIGN OF THE STUDY

In a free market economy, it is said that consumers rule the economy through the pricing mechanism. But in reality the consumer is dictated by an unscrupulous trading community. He is the one who suffers most from various unfair trade practices such as adulterated and sub-standard goods, short weights and measures, wrong descriptions in advertising, damaged goods, higher prices, imperfect packaging, misbranding, black-marketing, hoarding and the like. Therefore consumer should be protected from such unfair trade practices in order to make possible a healthy economy in the country, which includes the welfare of the consumer. Consumer protection means protecting the rights of the consumer against various unfair trade practices. A consumer seeks protection, advice and information, when his rights are adversely affected.

In a developing country like India, measures for consumer protection are very much required. The illiteracy and ignorance of the majority of consumers both in the rural and the urban areas provide opportunities for business communities to follow unfair trade practices. These have to be curtailed through various measures of the Government and other non-Governmental organisations. Further, the consumers should be informed, guided and educated properly because of the technical complexity of consumer goods.
The easy availability of items of mass consumption of quality goods at reasonable prices is to be considered the most important consumer protection measure. The Government of India have taken a number of legal measures to enlarge the scope of consumer protection and make it effective through the State Governments. There are several voluntary organisations and public associations which offer valuable services to protect the interests of the consumers. The consumer cooperatives have also taken the responsibility of protecting the consumers by rendering yeoman service. Of the various legal remedies available, the principal legal protection is the Consumer Protection Act, 1986. Under this Act, the consumer gets opportunities to entaist his grievances through the consumer forums organised at the District, State and National levels and other voluntary consumer organisations. Despite legal, social and cooperative measures taken to safeguard the interest of the consumer, they do not seem to be adequate. Hence it is imperative to analyse the social, legal and other measures taken both in rural and urban areas to protect the interests of the consumer, to study the agencies involved in safeguarding the interests of the consumer and measure consumer's awareness of the steps taken to safeguard his interests. One has to examine the impediments the consumer faces in availing the facilities to protect his interests. These and other related factors call for an empirical study.
REVIEW OF RELATED STUDIES

To study the implications of different issues in the implementation of the Consumer Protection Act and also to identify the areas already investigated, the Researcher has referred to important studies already undertaken on consumer protection.

Andrew Eiler,' in his book, "The Consumer Protection Manual, Facts on File" has given detailed information intended to educate the consumers about their specific rights as purchasers. The first section describes how to make a convincing case when faced with a consumer problem. The second section provides an overview of consumer protection laws. The major part of this book examines the relevant laws at each stage of purchase, covering advertising and sales practices, a buyer's rights and obligations, warranties and methods of payment.

Arthur Best's² book, "When Consumers Complain" presents the nature and scope of consumer complaints and the institutions designed to handle these complaints. He has described three stages in the consumer complaint process such as perception of the problem, voicing of the complaint and resolution of the complaint. This book contains some case studies which demonstrate significant obstacles in the process and flaws in the institutions of business and third party assistance for obtaining proper redress.

2. Arthur Best, When Consumers Complain, Colombia University Press, 1W*
Avtar Singh's book entitled, "Law of Consumer Protection: Principles and Practice" has examined the basic concepts and definitions as used in the Act of 1986 in general terms, in the context of established legal principles. This book analyses different fields of consumer goods and services, subjectwise, depending upon the decisions delivered by the State and National Commissions. The author has discussed in detail the applicability of the Consumer Protection Act, 1986 to various services like airlines, banking, housing, insurance, posts and telegraphs and telecommunications. Towards the end of the book, some practical notes have also been provided for enabling the readers and practitioners to understand the way in which different Consumer Disputes Redressal Commissions and Forums are to be approached for the purpose of filing complaints and appeals and for getting their orders executed.

G. David and Epstein's book, "Consumer Law in a Nutshell" introduces the major issues in consumer law and summarizes the principles governing it. They have also discussed the rules governing consumer transactions and the policies underlying these rules.

O.P. Garg, in his book, "The Consumer Protection Act" has provided an exhaustive sectionwise commentary on the subject. He has explained the consumer's

position under the American, British and Swedish laws. He has also dealt with the role of national and international consumer organisations in consumer protection.

S.V. Gulshan, in his book, "Consumer Protection and Satisfaction-Legal and Managerial Dimensions", has pointed out the position of Indian consumers and their problems. He has appraised the Consumer Protection Act and its allied Acts. The details of redressal machineries at District, State and National levels form the highlights. The important judicial decisions affecting consumers have been discussed in the book.

Gurbas Singh's book, "Law of Consumer Protection" contains an exhaustive commentary on the Consumer Protection Act, 1986 together with the Central Consumer Protection Rules, 1987. Some of the leading judgements pronounced by the National Commission and various State Commissions have been printed at the end of the book and a list of appropriate consumer product testing laboratories and voluntary consumer organisations has been given in the appendices. One of the outstanding features of this book is that it contains a model form of complaint and appeal under the 1986 Act. Besides discussing the functioning of the redressal mechanism under the Act of 1986, Singh has also briefly highlighted the role of various international institutions in the area of consumer protection. He has

focussed attention on the role of voluntary consumer associations and social action litigation in protecting the consumer. He has observed that the new trend had already made a tremendous impact upon the emerging concept of consumerism throughout the country and the chances of obtaining consumer justice today are much more than they existed a decade or two ago.

Gurjeet Singh, in his book, "The Law of Consumer Protection in India: Justice within Reach" has discussed the historical perspective of the problem of consumer protection in India. He has highlighted the role of Central and State Consumer Protection Councils established under the Act and some of the controversies arising out of the judicial decisions on issues like commercial purpose, service rendered free of charge and services rendered under the contract of personal services. He has examined the functions of redressal mechanism envisaged and established under the act and he highlights the problems associated with the establishment of consumer forums throughout the country. He has also focussed on several new developments and emerging trends in the Indian Consumer Protection Jurisprudence. He has emphasised the role of non-legal measures for consumer protection such as consumer education, consumer representation, lobbying, consumer boycotts and international co-ordination.

Morganstern and Stanley's⁹ book entitled, "Legal Protection for the Consumer" describe how the Federal Government and the State and Local Governments have worked diligently to protect the consumer. There are numerous consumer protection agencies and legislative enactments covering such varied areas as home remodeling and sale of brewery products. This almanac acquaints the consumer with Federal and State agencies which can aid him and it serves as an introduction to the vast area of consumer protection legislation.

Murray L. Weidenbaum's¹⁰ book entitled, The Future of Business Regulation: Private action and Public demand seeks to show how excessive government regulation of business has a negative impact on the basic functioning of the private enterprise system. He has argued that this over regulation would lead to a high loss to the American public. It costs the tax payer to support a galaxy of Government regulations in the form of higher prices. It costs the worker in the form of jobs abolished by Government regulations. The authority has proposed an agenda of voluntary steps to be taken by Business, Government and Private interest groups to increase the ability of the business system to meet the needs of the public it serves.

Norman Isac Silber's book, "Test and Protest: The Influence of Consumer's Union" describes the tradition of consumer protest and examines the early history of consumers union which started as a working-class-oriented movement and soon won the leadership of an educated consumer elite. He has highlighted scientific testing as a means of consumer reform and he offers three case studies such as reform of automotive design, discouragement of smoking and prevention of contamination of food by radioactive fallout, to demonstrate the use of scientific testing in social reform.

S. Rajamohan, in his unpublished MBA. Project Work, "A Study on Extent of Consumers' Awareness in Madurai" has studied the origin and growth of consumer movement, the organisation of Consumer Disputes Redressal Forum and the awareness of consumers. He has also offered a few suggestions.

Rajendra Kumar Nayak, in his book, "Consumer Protection Law in India: An Eco-Legal Treatise on Consumer Justice", has visualised the consumer himself as guardian of his own right and has criticised the behaviour of Indianconsumers, holding them responsible for their exploitation. On the legal front, Nayak has noted pessimistically that whatever legislations are in India to protect the interests of consumers they are not enforced properly so as to control and eliminate

deceptive Acts and practices of sellers. He has argued that the legislative enactments aimed at protecting the consumer interests are yet to become instruments of positive action in redressing consumer grievances. He has dealt with the problem of consumers from a historical perspective, tracing the history of the movement and the legislative measures undertaken in India. He has also discussed the role of Government in consumer protection and has examined issues like implied warrant and merchantable quality, food adulteration, identification of unfair trade practices and civil and criminal protection of consumers. He has made useful suggestions like the establishment of a consumer ombudsman and a separate Ministry of Consumer Affairs in India.

Raj Rani, in her unpublished Ph.D. Thesis, "Consumer Problems and Consumer Protection for Middle Class Home Makers in India with Special Reference to Nagpur City", has reviewed the existing legislative protection available to Indian consumer at both Central and State Government levels and the efforts made by manufacturers' and traders' associations and consumers' organisations. She has assessed the views of middle class home makers in respect of various areas of consumer interests and problems. She has finally offered valuable suggestions.

Readers Digest Association, in their book, "Reader's Digest Consumer Adviser: An Action Guide to your Rights", has visualised how the consumer should

protect himself in the market place, how he should fight back and win when rights have been trampled upon and how he should be an informed, prudent buyer of goods and services, covering situations such as visiting the super market, buying a household appliance, seeking loans, considering investments and insurance, selecting a doctor or lawyer, renting an apartment, bargaining for an automobile or planning a vacation.

M. Rengasamy,\textsuperscript{16} in his unpublished Ph.D. Thesis, "A Study on Consumer Protection under the existing Acts with reference to Essential Consumer Goods", has examined the various possible forms of exploitation of consumers by manufacturers and traders, and the current state of laws relating to the problems of consumer protection against exploitation. He has pointed out the factors which contribute to the preparation of such consumer exploitation and the effectiveness of the existing legal mechanism in the light of current knowledge of the causes and treatment of the disorder. Finally he has offered valuable suggestions to enhance consumer protection.

D.N. Saraf,\textsuperscript{17} in his book, "Law of Consumer Protection in India" has critically examined the basic principles of major consumer laws in the country. This book contains a detailed commentary on the Consumer Protection Act, 1986. The author has traced the evolution of consumer law by referring to the developments in


the United Kingdom, the United States and ultimately in India. He points out how the State regulation was necessitated due to the pressure of powerful consumer groups and observes that both in the United Kingdom and the United States, the Consumer Movement preceded legislative reform. He has also described the change that had come about in the recent past as a result of the untiring efforts of consumer organisations including filing of complaints against the State monopolies. He has suggested better mechanisms for consumer protection in India and has highlighted the role of State agencies, self-regulation of business both public and private, the role of voluntary agencies, consumer education and advocacy which includes the use of media, lobbying, boycotts, demonstration and public interest litigation. He has mentioned in detail the role of the IOCU and UN Guidelines on consumer protection.

R.M. Vats, in his book, "Consumer and the Law' has examined the relationship between the manufacturer and the buyer and has also discussed the legal implications of the various methods adopted by the manufacturers to introduce their products in the market. He has discussed the position of consumer vis a vis various types of services like banking, electricity, housing, insurance and telecommunications. He has also dealt with some of the prominent legislations like the Indian Penal Code, 1860, the Drugs and Cosmetics Act, 1940, the prevention of Food Adulteration Act, 1954, Essential Commodities Act, 1955 and the Trade and Merchandise Marks Act,


U. Velammal, in her unpublished M.Phil Thesis, "A Study on the Awareness of Consumer Rights and Legal Provisions in Nagercoil Town" has studied the awareness of consumer rights and the related legal provisions, the problems of consumers, and protective measures for consumers. She has offered a few suggestions also.

Though an attempt has been made to study the various aspects of Consumer Protection, no attempt has so far been made to study in detail covering the whole state and appraise the Consumer Protection measures in Tamil Nadu. Hence, the present study.

**OBJECTIVES OF THE STUDY**

The study is conducted with the following objectives:

1. To study the awareness and attitude of rural and urban consumers on consumer protection measures.

2. To appraise the legal measures taken by the Government for consumer protection.

3. To analyse the role of non-Governmental voluntary organisations, in espousing the cause of consumer protection.

4. To study the profile and perception of beneficiaries, in relation to the decisions made by the District Consumer Disputes Redressal Forums.

5. To offer suggestions based on the findings of the study.

SCOPE OF THE STUDY

The present study is made to appraise the consumers’ protection measures in Tamil Nadu, and the degree of awareness of rural and urban consumers. The study also aims at a discussion of the legal measures taken by the Government in this regard. The study includes an analysis of the role of voluntary consumer organisations and the beneficiaries of judgements delivered by the District Consumer Disputes Redressal Fomm (DCDRF). The study includes a profile of the selected sample DCDRF in Tamil Nadu.

PERIOD OF STUDY

The Consumer Protection Act was introduced in 1986. This study covers the period from 1986 to 1995. But in order to incorporate the cases of judgements, the latest cases have also been taken to substantiate the views on consumer protection.
DELIMITATIONS OF THE SCOPE OF THE STUDY

1. This study covers only a period of ten years.

2. This study does not cover the Public Distribution System in relation to consumer protection.

3. This study relates to only the awareness of consumers, an appraisal of Consumer Protection Act and important allied Acts, the profile of DCDRF, the role of voluntary consumer organisations and the background of beneficiaries of legal cases.

4. This study does not include the affected consumers who received unfavourable judgements from the DCDRF, because they were not supposed to have general ground for redressal.

LIMITATIONS OF THE STUDY

To study the background of the beneficiaries, incomplete and wrong information and non-responses to some questions could not be avoided. As the respondents were spread over throughout the state, it was not possible for the researcher to contact the respondents (beneficiaries) personally to rectify such omissions and commissions.
OPERATIONAL DEFINITION

Appraisal

It refers to the evaluation of the Acts related to consumers and their implications. It is an assessment of the performance of DCDRF and the role of voluntary organisations in consumer protection.

Consumer Protection Measures

This refers to the steps taken by the Government of Tamil Nadu and voluntary consumer organisations to protect consumers’ rights and interests.

Consumer Awareness

This refers to the knowledge about consumer rights, relating to adulteration of goods, maximum retail price, consumer problems, Consumer Protection Acts and allied Acts and the Consumer Redressal Machineries.

Goods

This term refers to grocery items, drugs and medicines and cosmetic items only.

Urban Consumers

It refers to consumers who reside within the limits of the Corporation, Municipalities and Town Panchayats.
Rural Consumers

This term refers to consumers residing in villages with a population less than 5000 or in rural panchayat regions outside the corporation, municipalities and town panchayat regions.

Beneficiaries

Persons who filed cases in the DCDRF and obtained judgement in their favour.

Attitude

Attitude denotes the feeling, beliefs and opinions of the consumers about consumer rights, adulteration of goods, consumer problems, Consumer Protection Acts and the Consumer Redressal Machineries.

Voluntary Consumer Organisation

It is the association formed with a minimum of ten consumers to protect their rights and interests. It also redresses the consumers’ grievances.

Active Member

Active member is one who actively takes part in the consumer affairs of the voluntary consumer organisations.
Methodology

This study is an empirical research based on the survey method. It is a blend of both the descriptive and the analytical methods of study. An interview schedule was prepared for finding out the awareness of consumers in the rural and urban areas (Appendix-A). The secondary data have also been collected from books, journals, newspapers, the Consumer Forums established at the District, State and National levels, prominent voluntary organisations and unpublished M.Phil and Ph.D. theses on the subject.

An interview schedule was prepared separately to study the profile of the selected sample DCDRF (Appendix-B) and to analyse the role of voluntary Consumer Organisations (Appendix-C). An unstructured interview schedule was prepared to study the perception of lawyers dealing with consumer cases. This has helped to evaluate the legal measures taken by the Government for consumer protection.

First hand information has also been collected from the consumers to know as to what extent they have been benefited and the problems they faced in availing of these benefits. Keeping in view the same objectives of the study, a mailed questionnaire (Appendix-D) was prepared to analyse the cases of judgement delivered by the DCDRF.

SAMPLING DESIGN

The State of Tamil Nadu has both rural and urban population. The data have been collected from two hundred urban consumers and two hundred ajrul
TAMIL NADU - OUTLINE

DIFFERENT REGIONS
1. South Region
2. South Central Region
3. West Region
4. Central Region
5. East Region
6. North-West Region
7. North Region

△ Selected Sample District
Consumer Disputes Redressal
Forum

Selected Sample Voluntary
Consumer Organisation

Sample to Study the Awareness
of Consumers
consumers in all seven regions using quota sampling to analyse their awareness (See Appendix A -4 and Map). Though women are the deciding factors in purchasing household goods, men are actively involved in consumer protection activities and hence the Researcher has collected information from majority of the male consumers in each area of the study.

### Details of Sample Respondents

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Regions</th>
<th>Sex</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Rural</td>
<td></td>
<td>140</td>
<td>60</td>
<td>200</td>
</tr>
<tr>
<td>2.</td>
<td>Urban</td>
<td></td>
<td>140</td>
<td>60</td>
<td>200</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>280</td>
<td>120</td>
<td>400</td>
</tr>
</tbody>
</table>

There are twenty one DCDRF in Tamil Nadu. The whole area of study was classified into seven regions like North, South, East, West, Central, South Central and North West (See Map). Each region consists of three forums and the Researcher had collected data from one in each region, using simple random sampling to study the profile of the selected sample DCDRF (Appendix B-1).

As in the case of the profile of the DCDRF, the whole area of the State was classified into seven divisions and the Researcher collected data from three voluntary consumer organisations in each division using random sampling to study their roles. The names and addresses of the consumer organisations selected for the study are given in Appendix C-1.
The aim of the Forum is to redress consumers' grievances. The Researcher had selected thirty per cent of the consumer cases which had favourable judgements from 1995 under convenience sampling (See Table 2.2). Inspite of his best efforts, only 264 beneficiaries, that is 52.8 per cent of them responded which include 14 illiterate beneficiaries whom the researcher interviewed personally. This constituted 15.4 per cent of total favourable cases (See Appendix-D-1).

The following steps were taken to get more responses from the beneficiaries selected for the study:

1. Self-addressed stamped covers were sent along with the questionnaire

2. A covering letter with particulars regarding objectives of the study was enclosed with the questionnaire.

3. The reminders were sent to remind those respondents who had not sent their responses. This generated more responses.

4. An assurance was given by the Researcher that the information collected was purely for research and it would be kept confidential.
TABLE 2.2

Sampling Size of Favourable Cases of Consumers in 1995

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Particulars</th>
<th>Number/Percentage of Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Actual number of cases in favour of consumers</td>
<td>1714</td>
</tr>
<tr>
<td>2.</td>
<td>Sample size of cases</td>
<td>500</td>
</tr>
<tr>
<td>3.</td>
<td>Sample size in percentage to the actual</td>
<td>30</td>
</tr>
<tr>
<td>4.</td>
<td>Responses received</td>
<td>264</td>
</tr>
<tr>
<td>5.</td>
<td>Responses received as percentage to the sample size</td>
<td>52.8</td>
</tr>
<tr>
<td>6.</td>
<td>Responses received as percentage to the actual</td>
<td>15.4</td>
</tr>
</tbody>
</table>

FIELD WORK AND COLLECTION OF DATA

Field work for this study was carried on by the Researcher from October 1996 to January 1997. The Researcher has used interview schedules for collecting data regarding the awareness of consumers, consumer redressal forums and the role of voluntary consumer organisations. Mailed questionnaire had also been used to collect data from the beneficiaries. An unstructured interview schedule was framed to collect information from lawyers in order to identify the significance and loopholes of different Acts.

DATA PROCESSING

After completing the data collection a thorough check was made. Then the Researcher prepared a tally mark sheet for the purpose of classifying data. With the help of the tally sheet, the master table was prepared. Lastly classification tables were prepared for further analysis and interpretation of data.
PLAN OF ANALYSIS

The data were analysed by using appropriate statistical techniques such as percentages, averages, t-test proportion and chi-square test.

The percentage analyses were used throughout the thesis whenever required. The weighted average was used to find out the criteria adopted to choose the goods by consumers. The t-test proportion was used to find out whether area of the sample influenced the consumer rights. The t-test proportion was also used to test the media influence on the buying decisions of the consumers in rural and urban areas.

Personal factors such as sex, marital status, age, educational qualifications, occupation and income of the consumers influence the consumer's degree of awareness on consumer protection measures. The influence of the independent variables (personal factors) on the dependent variable has been analysed with the help of chi-square test.

Arrangement of Chapters

The thesis is divided into seven chapters.

The first chapter presents a conceptual framework of consumer problems highlighting the history and growth of consumerism, the origin, meaning and definition of consumer and consumerism, objectives of consumerism, need for consumerism, consumer rights, the role of consumerism at the international level and in India, the
Consumer Movement in Tamil Nadu, and the recent developments that reflect consumer protection.

The second chapter deals with the design of the study.

In the third chapter, awareness of rural as well as urban consumers of consumer protection measures, media influence to buy the products, purchase of products through bills, the awareness of MRP, knowledge of local tax, ISI and AGMARK, purchase of packaged goods, opinion on the consumption of goods, awareness of Consumer Protection Act and allied Acts, knowledge of consumer redressal machineries and consumer organisations and preferences of the redressal machineries have been analysed.

The fourth chapter discusses the legal measures relating to the Consumer Protection Act and the allied Acts, the Central and State Consumer Protection Councils, the redressal machineries like the District Consumer Disputes Redressal Forum, State Consumer Disputes Redressal Commission and National Consumer Disputes Redressal Commission and their jurisdiction and powers and details of settlement of grievances. The profile of the selected sample District Consumer Disputes Redressal Forums have also been analysed.

The fifth chapter deals with the role of voluntary consumer organisations in general and the selected sample consumer organisations in particular. The federation at state level, federation at national level and federation at international level have also been discussed.
In the sixth chapter, the background of the beneficiaries, details of cases filed, details of hearings, the mode of filing cases, the amount of compensation demanded and actually received, problems of approaching the forums and suggestions for improvement of the forums have been analysed.

The seventh and final chapter presents a summary of findings and suggestions