CHAPTER II

CONSUMERISM – AN OVERVIEW

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2.1 INTRODUCTION

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

2.2 CONSUMERISM

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 by unethical trade practices. Unless a strong consumer movement is organized, the rights of the consumer can not be protected. The following are the specific situations which warranted consumer protection:

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

b) Substandard Quality – defective home appliances and medicines beyond expiry date.

c) High prices – charging above the retail price.

d) Duplicate Articles – selling fake items in the name of the original.

e) Adulteration and Impurity – is done to get higher profits.


g) Artificial Scarcity – hoarding and black marketing.
h) False and incomplete Information – misleading information on quality, durability and safety.

i) Unsatisfactory after sales service – high cost items like electronics and cars require constant and regular service.

j) Rough behaviour and undue conditions – harassment in getting LPG connection or a telephone connection.

k) Limited information – providing full and correct information will help in the choice of selecting the right products.

l) Limited supplies – when goods and services are in short supply then price shoots up.

m) Limited competition – single producer may manipulate the market in terms of price and stocks.

n) Low Literacy – illiteracy leads to exploitation. Hence consumer awareness is essential.

o) In the distance selling, where contracts are made without any face to face contact between supplier and consumer – consumer confidential is essential.

2.2.1 Problems Faced by the Indian Consumers

a) Frequently, India faces severe problem of imbalance in demand and supply of essential commodities. This has caused resulted in hoarding and black market profiteering, corruption, redtapism, irresponsibility and arrogance while dealing with consumers.
b) 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.

c) Indian consumers become victims of ineffective competition and are forced to make a choice form the available few alternative goods and services.

d) 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.

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

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

g) The legal framework and redressal system in India is a time - consuming, tiresome process with loopholes. Thus, consumers are not interested in seeking redressal of their grievances by taking the help of consumer grievance redressal forums.

h) The public sector undertakings were started by the Government with huge investments to complete with the private sector and to protect the interest of the general public. But these organisations have failed to serve as per the expectations.
i) 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.

2.2.2 Scope of Consumerism

Consumerism emphasized 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 the declining quality of physical environment.

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 are the business view that the buyer should be guided by his judgement 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’ and urbanization are 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’.

2.2.3 Causes of Consumerism

The concept that the “Consumer is the King” in the market place 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 recent times. It is pointed out that 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. The concept of globalization has increased the competition among the business firms.

2.2.4 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, labelling or other practices and to be given the facts he needs to make an informed choice.
- The Right to choose- to be assured, wherever possible access to a variety of products and service 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 have 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 are aware of their rights, legal remedies and the provisions available to them. Hence, there is a need for consumer education.

2.3 CONSUMERISM- ABROAD

Consumerism is the discovery of the twentieth country. The great Indian writer Kautilya 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

2.3.1 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\(^1\). 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.²

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 law³ and the bill was passed by the Senate in February 1906. Consumers income rose gradually in the 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 consumers. 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.

The Pure Food and Drug Act of 1906 was badly in need of revision due to a number of court decisions unfavorable to it and due to being out - dated by new technology. The Food and Drug Administration (FDA) felt the need for new legislation prohibiting dangerous patent medicines, unsafe cosmetics and adulterated foods. When the hearing began on the bill in 1933, the American Home Economics Association and the National Congress of Students and Teachers were the only groups actively supporting
it. In 1936, Ruth De, F. Lamb’s the American Chamber of Horrors documented the FDA’s case in print and gave it wider publicity. Gradually opposition to the Bill by special interests drew more concerned groups into the fight. At the end of the five year fight, 16 National Women’s Organization had become involved. A shocking new tragedy deemed to have provided the final impetus for congressional action.

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 had 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 the 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 pushed forward an important consumer legislation in the 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 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 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 the 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.

2.3.2 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. Lord Atkin, while explaining the nature of this duty, observed: “A manufacturer of products which he sells in such a form as to show that he intends them to reach the ultimate consumer in the form in which no reasonable possibility of intermediate examination, and with the knowledge that the absence of reasonable care in the preparation or putting up of the products will result in an injury to the consumer’s life or property, owes a duty to the consumer to take reasonable care”.

Thus, where the consumer suffered any loss or injury by a manufacturer’s products, the manufacturer was held liable if negligence could be proved against him. The principle laid down in ‘Donoghue Vs.Stevenson’ was made applicable also to the suppliers, distributors, retailers, packagers, bottlers and repairers over a period of time.
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, 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.

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 and so on.

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 is the modern law on consumer credit. In Britain too, enormous amount of sales takes 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 such as right to information of cash price. All the 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 the 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.\textsuperscript{5}

2.3.3 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
(e.g. the directives on door to door sales, consumer audits, distance selling, package tours, product liability, etc.). 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.

2.3.4 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. But 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
  - National Board for Consumer Policies
  - National Price and Cartel Office.
Which have been set up for consumer welfare in Sweden, to regulate the consumer protection.

A Government committee has presented draft proposal for product safety legislation making it possible to obtain remedy with respect to hazardous products already available in the market. This remedy will take in the form of withdrawal of the product, the issue of warning when a hazardous product has already reached the consumer, safety advice at the time of purchase or a ban on sale. In a nutshell consumers are highly protected against any business malpractice in the country.

### 2.3.5 Australia

The Australia consumer handbook is divided into two main sections. The first section lists consumer help organisations 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 for information or with complaint. This includes sample complaint letters, advice about refund and warranties and useful consumer checklist.

#### 2.3.5.1 Government Agencies for Consumer Grievance Redressal

- New South Wales Department of fair trading, consumers affairs Victoria.
- Victorian Civil and Administration Tribunal, Anglicare Tasmania financial counselling, Hobart Community legal service.
- Anglicare Northern territory financial counseling service.
- South Australian-financial Counselors Association.
Consumer Credit Legal Service Incor, Financial Counsellors Association Western Australian, Consumer, Trader and Tenancy Tribunal.

Consumer Credit Legal Servicing Credit helps line Incor.

The benefits have been that combination of lower prices improved the choice and quality of service that meets consumer preferences.

In recent times, Australians have experienced unprecedented increases in disposable income, putting more money in the pockets of every member of society and leading to improved living standards. While many factors have led to this improvement in living standards, increased competition has certainly made a significant contribution.

Competition is a hard master - as well as rewarding strong performers and delivering benefits to millions of Australian consumers. It also punishes those who are unable to provide the best prices, and more relevant services and conditions - and it is important to remember that business compete on service and conditions - not just price. Firms that cannot compete will go out of business; firms that do not innovate go out of business and firms that offer inferior products will go out of business.

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 regulations across all the 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.
2.3.6 Canada

As per Consumer Protection Act 2002 and 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.

2.3.7 France


2.3.7.1 Rights of the Consumers

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

2. 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.

3. 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 disproportionate.

4. 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.
5. 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 the 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.

2.3.7.2 Article 8: National Law and Minimum Protection

The rights resetting from this Directive shall be exercised without prejudice to other rights which the consumer may involve under the national rules governing contractual non-contractual liability.

Member states may adopt or maintain in force more stringent provisions, compatible with the treaty in the field covered by this Directive to ensure a higher level of consumer protection.

The final seller is liable to the consumer because of a lack of conformity resulting from an act or omission by the producer, a previous seller in the same chain of contracts or intermediary. A guarantee shall be legally binding on the offered under the conditions laid down in the guarantee statement and the associated advertising.

On request by the consumer, the guarantee shall be made available in writing or feature in another durable medium available and accessible to him.

2.3.8 China

China had adopted an imbalance policy between consumer and producer of goods output in which, consumer goods production was limited in favour of producer goods. In the early 1980's things seemed to have taken on a fresh look in China. China underwent a profound transformations 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 Begin, 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 trades man.

Now much attention has been paid to the importance of legislation for protecting Chinese consumer. Government interference in China in marketing has given the consumer product satisfaction by providing greater choice to the consumers; consumer protection has grown in china this raising consumer awareness. Though it will take a preferable longer period to reach the level, the public acceptance that is enjoyed in the West.

2.3.9 Pakistan

Consumer rights, an integral component of civil rights, present a dismal picture in Pakistan with a large number of problems confronting the citizens and consumers both in the public and private sectors. Most of these problems stem from the crisis of governance in the country and the monopolistic and informal nature of market.
The Government is largely indifferent to the interests of the citizens and consumers because it lacks an objective and deeper understanding of their concerns and grievances. In addition, the general lack of awareness of civil rights and the pervasive culture of apathy undermines the capacity of citizens to become organized and protect their rights. Result is that the Government has yet to come up with an appropriate legal and institutional mechanism to redress consumer-related grievances and to protect their rights.

Private sector has little care for consumer protection due to monopolistic and informal nature of market in Pakistan. In the absence of a consumer movement, which can positively influence the market forces, the consumers are provided with unsafe and substandard goods and services without any recourse to justice. The situation has become worse in the wake of unexamined deregulation and corporatization, and the consequent shrinking role of the state and mounting market forces.

The above understanding of the need for asserting civil rights provides substance to the collective efforts of a group of conscious citizens and activists comprising Consumer Rights Commission of Pakistan. Its members have a diverse experience in civil society initiatives, social organization and community mobilization. Drawing on the vast experience of its members, CRCP is committed to promote the cause of consumer protection and civil rights in a broader perspective, with the aim of laying the foundations for a vibrant consumer movement all over the country.

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 light the weaknesses and areas of the improvement in the legal and regulatory framework 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 indifferent to the interests of the citizens and consumers because it lacks an objective and deeper understanding of their concerns and grievances. In addition, the general lack of awareness of civil rights and the pervasive culture undermine the capacity apathy of citizens to become organised and protect their rights.

2.3.10 Bangladesh

There are many reasons responsible for the consumer exploitation in Bangladesh. The widespread illiteracy is one of the main reasons. The illiterate people do not come to know about the duplicate products, as they usually identify the goods by their looks and not by actual writing or trademark affixed on the goods. Secondly, the consumers are exploited because of their low purchasing capacity most of the consumers choose the low priced goods. The dishonest traders take advantage of this habitual behaviour of the poor consumers and cheat them through fake goods.

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:

1. Trade marks Act 1940.
2. Patents and Designs Act 1911.

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

2.4 CONSUMERISM IN INDIA

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, measures and prices. In Koutilya’s ‘Arthrasatra’ a mention was made about the existence of superintendents in case of sales of government products. Narada and Brihaspati various laws to safeguard the interests of buyers and sellers. 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:
1. Pre-Independence

2. Post-Independence upto 1980 and

3. After 1980’s

2.4.1 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 upto the expectations of the Indian consumers.

2.4.2 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 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.8

Inspite of the above legislative, judicial, administrative and organizational help, consumerism in India suffered from some shortcomings which sabotaged the desired goal of consumerism. The facts of the heterogeneity of the consumer groups, over lapping 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, 9 the complexity of goods, altered the pattern of communication, fundamental innovation, problems of developments10 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.11

2.4.3 After 1980’s

After the 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, U.K., etc., The Indian legislature passed a few important social legislations, during this period. Out of these enactments, the Consumer 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.
When there were no voluntary organisations in the first stage of development, between twenty and thirty in the second stage, it has reached to 549. So, now a large number of these organizations spread the awakening among the consumers in India. Of late, Consumer Organizations are permitted in file as suit in the consumer court on behalf of the affected consumers and this is a relaxation in the principle of locus standi as it existed before.

In the pursuit of globalization, India has responded by opening up its economy, removing controls and resorting to liberalization. The natural corollary of this is that the Indian market should be geared to face competition from within the country and outside. The Monopolies Restrictive Trade Practices Act, 1969 has become obsolete in certain respects in the light of international economic developments relating more particularly to competition laws and there is a need shift our focus from curbing monopolies to promoting competition.

2.4.3.1 Objectives

1. The Competition Act, 2002 seeks to ensure fair competition in India by prohibiting trade practices.

2. The Bill also aims at curbing negative aspects of competition through the medium of CCI. CCI will have a Principal Bench and Additional Benches and will also have one or more Mergers Benches.

3. The Bill also provides for investigation by the Director General for the Commission. The Director General would be able to act only if so directed by the Commission but will not have any suo motu powers for initiating investigations,
4. The Bill Confers power upon the CCI to levy penalty for contravention its orders, failure to comply with its directions, making of false statements or omission to furnish material informational and so on.

2.4.3.2 Component-wise Analysis

Legislation gives statutory protection to innocent and ill-informed consumers against unfair trade practices. In the past, marketing legislation was by and large business-oriented and not consumer-oriented. Often the legislation wanted to protect competition and the competitive market. Consumer benefit or protection was incidental or at the most it was merely a by-product.

Since 1945, all over the world the consumer was hit hard by inflation and the evils of inflation necessitated the governments to offer direct consumer protection against unfair trade practices. Hence, at present a series of legislations recognize the consumer’s “bill of rights” and try to protect those basic rights of consumers in the market place - the right to safety, the right to be informed, the right to be heard and the right to get quick Redressal and lastly the right to enjoy civic life, free of pollution. Legislations also enable the consumers to represent their interest in all the regulating government agencies.

The Government of India has brought out a number of statutory regulations to protect the consumer’s interest. All these aim at controlling the production, supply, distribution, quality, purity and pricing of several goods and services and consumers should be informed about the availability of goods and cautioned on unfair trade practices resorted to by unscrupulous traders and producers of goods. These legislative enactments
cover various aspects of consumer protection such as health, hazards, safety and security, purity and availability of products at reasonable prices and so on.

2.5 CONSUMER PROTECTION ACT 1986

The Consumer Protection Act (CPA) 1986 came into force on April 15, 1987 for the better protection of the interests of Indian consumers. The Act seeks to provide simple, speedy and inexpensive redressal to the consumers. The Act applies to all the goods and services unless specially exempted by the Central Government [section 1(4)]. It extends its coverage to public sector, private sector, joint sector and cooperatives. The distinguished features of the Consumer Protection Act 1986 are:

1. Provides for effective safeguards to the consumers against exploitation such as defective goods, unsatisfactory services and unfair trade practices.

2. Provides for a fixed time for disposal of cases, that is three months for deciding complaints which do not require analysis or testing. In case the complaints require analysis or testing, the time limit is five months.

3. Cases may be filed by an aggrieved individual consumer or consumer associations.

4. Provides for the formation of the Consumer Protection Councils in every state to promote and protect the six consumer rights (section 6).

5. Provides for establishment of three-tier Grievance Redressal Machinery (section 9).

6. Provides that if the cost of the goods or services and compensation is up to rupees five lakh, the complaint can be filed in the District Forum.
7. Provides that if the cost of the goods or services and compensation is more than rupees five lakh but less than twenty lakhs the complaint can be filed in the State Commission.

8. Provides that if the cost of the goods or services and compensation exceeds rupees twenty lakh, the complaint can be filed in the National Commission.

9. Provides that the National Commission, State Commission and District Commission decide complaints within a period of three months where analysis or testing of commodities is not required and within five months if analysis or testing is required.

10. The State Governments are empowered to establish more than one District Forum if it deems fit in large cities.

2.5.1 Essential Commodities Act 1955

The Act provides for the regulation and control of production, distribution and pricing of commodities which are declared as essential for maintaining or increasing supplies or for securing their equitable distribution and their availability at fair prices.

2.5.2 Prevention of Food Adulteration Act 1954

The object of the Act is preventing adulteration of foodstuffs by the manufacturer, wholesaler and retailer. This Act plays a very important role in securing the citizens a minimum degree of purity in the articles of food and thereby protecting and preserving their health.
2.5.3 Agricultural produce (Grading and Marking Act 1937)

This Act covers unprocessed and semi-processed agricultural commodities such as spices, ghee, edible oils, butter, food grains and tobacco. The grade standards are based on both physical characteristics and internal attributes or qualities such as weight, size, shape, colour, foreign material, physical damage, moisture and so on.

2.5.4 Bureau of Indian Standards Act 1986

Under this Act, the Bureau of Indian Standards (BIS) came into existence as a statutory body in the place of the Indian Standards Institution with effect from 1 April 1987 to promote the harmonious development of the activities of standardisation, marking and quality certification of goods and to attend to connected matters in the country.

2.5.5 Standards of Weights and Measure Act 1956

This Act aims at the establishment of Weights and measures based on the international system. The Act also prohibits the use of non-standard measures and makes it obligatory to employ standard weights and measures including inscription and indications in certain styles. This Act is implemented by the controller of legal metrology in each state. The amendment to the Standard of Weight (Enforcement) Act gives more teeth to the Act by conferring rights on the aggrieved consumer or any recognised consumer organization to file a complaint in the court against the violation of the Act.
2.5.6 Drugs and Cosmetics Act 1940

This Act is mainly concerned with the standard and quality of drugs and cosmetics manufactured. The Act prohibits the manufacture, sale and distribution of any drug or cosmetic which is not of standard quality and mis-branded drug or cosmetic, containing any ingredients which may render it unsafe or harmful for use under the directions indicated or recommended.

2.5.7 Indian Contract Act 1872:

The agreement must be genuine and certainty of meaning. It must be free from misrepresentation, fraud, undue influence and mistake. This Act does not deal with contracts of sale or mortgage of immovable property, leases, law of partnership, sale of goods, negotiable instruments and insurance. However, the basic principles under this Act are followed for any type of contract.

2.5.8 Sale of Goods Act, 1930

It deals with transfer of ownership rights, duties and liabilities of both buyers and sellers. Under this Act buyer has following rights and duties:

2.5.8.1 Rights of the Buyer

- The right to receive the delivery of the product as per contract,
- The right to refuse to take delivery of improper quality of goods,
- The right to examine the goods,
- The right to ask for compensation for damages, if any.

2.5.8.2 Duties of the Buyer

- The duty to make payment while accepting goods,
• The duty to demand delivery of goods at a reasonable hour,

• The duty to take delivery of the goods within a reasonable time,

• The duty to pay damages, if any for wrongful negligence.

2.5.9 Monopolies and Restrictive Trade Practices Act 1969

The Monopolies and Restrictive Trade Practices (MRTP) Act. 1969 was passed by the Parliament to save consumers, small industries and traders against exploitation in the form of restrictive trade practices. The important features of the Amendment Act, 1982 were to modify the definition of ‘dominant undertaking and to amend certain provisions relating to concentration of economic power’. The Amendment Act, 1984 was designed for three purposes:

a) To regulate concentration of economic power;

b) To control monopolies and prohibit monopolistic trade practices and

c) To curb restrictive trade practices and unfair trade practices.
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