



***CHAPTER I***  
***INTRODUCTION***

## CHAPTER – I

### INTRODUCTION



There is hardly anyone in this world who has been left out of the class of “consumer”. The Consumer Protection Act of 1986, defines the word “consumer” as one who buys goods and services for a consideration that has been paid or promised or under any system of deferred payment (Gulshan 1994).

No business can survive without consumers. The consumer is a crucial entity in the modern economy. He is the least organized, though the most centrifugal element in the circle of investment, production, sale and consumption and is generally taken for granted as one who has to buy or use the services in order to live (Barksdale and Darden, 1972).

The consumer role is only one of the roles of the many roles performed by an individual. It is a very significant one in an affluent society. It is rare that a person wishes to or can escape from performing this role. Like other role behaviour, consumer role behaviour is enacted to satisfy wants or needs (Bolton and Drew, 1991).

The Indian consumer depended until recently on the public sector undertakings to a great extent to satisfy a multitude of his / her wants and desires. In other words, many of the consumer goods and consumer services in India, especially, those of public utilities and services like electricity, telecommunication, public transportation and so on are produced, operated, maintained and offered by public sector undertakings. Thus, the average consumer in India falls a prey to exploitation not only through private sector undertakings, irrespective of whether these are corporate or individual, but also

through public undertakings. However, the consumers, by and large, suffer silently the losses, inconveniences, low quality services and dissatisfaction arising thereof, in spite of government and non-government initiatives to safeguard their interests. Since every person is a consumer from point of view of economics, he or she seeks desired utility for any amount of money spent and reacts to deceptive practices and measures seeking support from government, business and voluntary agencies (Sharma, 1995)

According to Nader (1974), exploitation reduces real income and mis-allocates resources by way of frauds, shoddy merchandise and deceptions or bilking scheme. They inflict violence on consumers by way of hazardous products, services not provided or environmental pollutants.

“Consumerism” is an outcome of sufferings and exploitation of consumers who are the victims of the suppliers’ intention of earning maximum illegitimate profit at the cost of his or her health, safety and well being (Joshi, 1989). The aim and objective of consumerism is to create awareness in consumers about their rights. Kotler (1976) defines consumerism as the “social movement seeking to augment the rights and powers of buyers in relation to sellers”.

A collective consciousness on the part of consumer, business, government, and society to enhance consumer satisfaction along with social welfare, which will in turn benefit all of them, is required. The consumer protection movement in India has been gathering strength in recent years. The inclination on the part of the consumer to act has provided a positive climate. A spirit of co-operation between functionaries, representatives of consumer organizations, consumers and other such components would facilitate consumer protection movement (Joshi, 1989)

This aspect of consumer protection has been kept in mind by the government to enact laws to protect the consumers. There are about 30 statutory provisions in existence today to protect the consumer directly or indirectly. The strongest armoury of consumer protection weapons is the Consumer Protection Act 1986. This has been thought of as a panacea for all ills that the consumer has to fight against. A salient feature of this Act is that, the public sector has also been brought under its purview facilitating the producers/manufacturers/service providers to be sued in court of law for any lapse on their part in providing consumer goods and services. The redressal machinery at every level starting from the district to the state level to the centre has been given the powers of civil court for summoning the parties (Srinivasa, 1990)

The Guinness Book of World Records stands testimony to the fact that the maximum number of laws including consumer laws in any country is in India. However, the minimum implementation of laws is also visible in India. This is because the Indian consumers, in general, are largely illiterate, poor, ignorant, apathetic and fatalistic in their outlook and approach (Srinivasa, 1990).

A look at the review of literature reveals that the laws are not popular because they are framed in using such high technical terminology that it would be impossible for a layman to comprehend them. Further, the procedures for availing of the legal aid are also too cumbersome (Fazal, 1978).

The fact that “consumerism” has come to stay demands that some steps need to be taken towards consumer protection and satisfaction. Most of the literature on consumer protection includes investigation and comments on general theme of consumerism. However, a few researchers abroad have studied consumer satisfaction and consumer complaint behaviour with reference to product / service purchased, (Diener and Greyser, 1978; Bearden and Teel, 1983; Day, 1980; Resnik and Harmon, 1983; Richens, 1983), There is not much evidence

of any comprehensive research on redressal seeking behaviour of consumers, especially, with respect to the use of Indian Railways in particular. Hence, redressal seeking behaviour of consumers of Indian Railways was identified as the focus of present investigation due to its being an essential public utility, which is availed of by an average consumer.

### **1.0 Rationale**

Individuals, young or old and families continually interact as consumers with other individuals, groups, organizations and agencies in the course of day-to-day life. New problems revolving around use of resources necessitate managerial action. Focusing on the family as the managerial unit implies that the group makes decisions concerning it, where feasible. When a family lives according to the community's standards and norms, the community rewards family members with respect, certain status and prestige. When an individual initiates an interchange, he is viewed as a representative of a family. Individuals and families receive input from the society and the output of their managerial action become input into the society. This input-output relationship between individuals, families and societies mean that a continual flow of interaction is taking place.

Each person is distinctly different from the other; so also each family is unique. The differing value hierarchies mean each receives and decodes input from the spheres of interaction in a different way. When an individual or a family avails of public utility services in the near environment, a direct interaction takes place with systems in this environment or sphere; the individual or family becomes a major consumption unit. Thus, consumer behaviour is an integral factor in the ebb and flow of all business in a consumer-oriented society.

The study of consumer behaviour is a study of how an individual makes a decision to spend the resources available to them (time, money and effort) on consumption-related items and services.

Consumer research takes place at every phase of the consumption process, i.e, before the purchase, during the purchase and after the purchase of goods and services. Researchers have focused their attention on the antecedents and consequences of post-purchase consumer complaints, intentions and behaviour.

The consumers availing of public utilities like Indian Railways may respond to its qualitative and quantitative aspects in diverse ways. Transportation is often said to be the lifeline of a country. The Indian Railways is not only a transport agency but also has a social obligation to sub serve the national objectives by providing necessary infrastructure for healthy economic and social development. Mobility of people in general, and availability and accessibility of materials in far away places have become part of modern life. Various modes of transportation and travelling are indispensable for existence or survival. Moreover, geographical mobility has increased tremendously in the past couple of decades and so also the number of trains, passengers and related problems

The Indian Railways is the fourth largest in the world and the largest in Asia, carrying eleven million passengers or 1.3 per cent of the Indian population each day (Stubbs, 1987). Given the magnitude of passenger movement in the Indian Railways, the quality of service provided is an important issue.

Crosby (1982) defines quality as “conformance to requirements.” Garvin (1983) measures quality by counting the incidence of “internal” failures (those observed before a product leaves the factory) and “external” failures (those incurred in the field after a unit has been installed). Knowledge about quality

of goods, however, is insufficient to understand service-intangibility, heterogeneity and inseparability, must be acknowledged for a full understanding of service quality. Most services are intangible (Bateson 1977, Berry 1980, Lovelock 1981, Shostak 1977) because they are performances rather than objects, and precise manufacturing specifications concerning uniform quality can rarely be set. Most services cannot be counted, measured, inventoried, tested and verified in advance of sale to assure quality. Due to intangibility, the firm may find it difficult to understand how consumers perceive their services and evaluate service quality (Zeithaml 1981). Further, services, especially those with high labour content, are heterogeneous. Their performance often varies from producer to producer, from customer to customer, and from day to day. Consistency of behaviour from service personnel (i.e. uniform quality) is difficult to assure (Booms and Bitner 1981) because what the firm intends to deliver may be entirely different from what the consumer receives. Moreover, production and consumption of many services are inseparable (Carmen and Langeard 1980, Gronroos 1978, Regan 1963, Upah 1980). As a consequence, quality in services is not engineered at the manufacturing plant, and then delivered intact to the consumer. In labour intensive services, for example, quality is to be found evident during service delivery, usually in an interaction between the client and the contact person from the service firm (Lehtinen and Lehtinen 1982). The complaint that the consumers make, while availing the services can provide significant inputs to anyone interested in improving service delivery and the management of the agency involved.

A complaint is a gift. It facilitates a company to redesign its product, operating methods and overall quality systems. Without adequate feedback from customers, it is difficult to think of preventive measures within the organisation. The action taken finally gives the satisfaction to the consumer with regard to the resolution of the complaint ultimately leading the public

utility service providers to improve the quality of service. Consumer complaint is 'the wheel of improvement' (Singh, 1997). The satisfaction achieved after seeking redressal will again act as feedback for the consumer availing the services in future.

Certain research questions like Do consumers of Indian Railways face any problem in their interactions/utilization of Indian Railways? If so, what type of problems do they face? Do consumers of Indian Railways take any action to seek redressal of their grievances? Do they differ in their redressal seeking behaviour when dissatisfied with the services provided by Indian Railways? Do consumers exhibit differential levels of awareness regarding the services provided by Indian Railways? What is the consumer's perceived service quality of the services provided by Indian Railways? What factors influence redressal seeking behaviour of consumers of Indian Railways? Is there a relationship between consumer redressal seeking behaviour with reference to services extended by Indian Railways and their personal, family and situational variables? and so on need to be explored in order to strengthen consumerism in public utility services.

The present study attempts to furnish a view of public service, especially 'the Indian Railways' from the citizen's perspective. Since the users of the services are at the receiving end, their assessment of the quality, efficiency and adequacy of public services and problems they face assume significance. Such an attempt will contribute more towards making public services more community need based. This study will make a valuable contribution to the knowledge base of consumer behaviour in the Indian context with respect to the use of an essential public utility service, i.e., Indian Railways. The findings can pave the way to plan modules to alert the consumer and keep them well informed about the Indian Railways and consumer issues. This study will also help the government and other agencies concerned, to formulate devices or

appropriate action plan to enhance consumer awareness and make them more action oriented in order to get the value for the money spent. Moreover, the insight into behaviour of the dissatisfied consumer will add a new dimension to the extension programmes and curriculum on consumer education dealt with by the discipline of Home Management.

## **2.0 Objectives**

The specific objectives set to give proper direction to the investigation were to:

1. Ascertain the pattern of utilisation of Indian Railways by consumers.
2. Develop a scale that would appropriately measure the extent of awareness of consumers about services of Indian Railways.
3. Measure consumers' perception about service quality of Indian railways.
4. Prepare a scale to measure consumers' opinion about grievance redressal machinery and voluntary consumer organization.
5. Construct a scale that would appropriately measure consumer redressal seeking behaviour with respect to services of Indian Railways.
6. Determine the inter-relationship amongst the selected dependent and independent variables.

## **3.0 Assumptions of the study**

This study is based on the assumption that

1. The Indian Railways are an important public utility and members of families do avail of the services of Indian Railways for one purpose or the other and thereby become consumers of Indian railways.
2. Consumers experience differential levels of satisfaction with respect to the services extended by Indian Railways.
3. Each person is unique and differs from the other and therefore, exhibits differential levels of awareness and redressal seeking behaviour with respect to the services provided by Indian railways

#### 4.0 Hypotheses

H<sub>A</sub>: There exists a relationship between consumer redressal seeking behaviour with respect to the services of Indian Railways and selected personal, family and situational variables, of the respondents.

H<sub>B</sub>: There exists a difference in the influence exerted by selected personal, family and situational variables on consumer redressal seeking behaviour with respect to the services of Indian Railways

#### 5.0 Delimitations of the study

This study was limited in scope to:

1. Adult consumers of Indian Railways who have completed the age of 18 years.
2. Adult consumers of Indian Railways who have travelled long distance journey (more than 500 km) at least once during the reference period of the study.
3. Selected services of Indian Railways that fall under the category of reservation, safety, catering, punctuality and miscellaneous services and basic amenities.
4. Ascertaining the relationship between consumer redressal seeking behaviour with the following variables:

**(i) Personal variables** Age, education, personal income, extent of awareness about the services of Indian Railways, perceived service quality of IR, opinion about grievance redressal machinery and opinion about voluntary consumer organization.

**(ii) Family variables** Family income and socio-economic status

**(iii) Situational variables** Pattern of utilisation of the services of Indian Railways