CONSUMER MOVEMENT - AN OVERVIEW

Chapter II
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The structure and pattern of any social movement depends mainly on its past history. Therefore, an examination of the historical backdrops is needed. This chapter is an attempt to overview the movement in the historical perspective. It is also attempted to dismantle the movement into its components.

As a citizen of a country, a consumer is entitled to expect that he would get the right type of goods, of the right quality, at the right time and at right price. In practice, however the common consumer is the most harassed and the most helpless. Consumers' interests can be protected adequately by organised action of consumers, government and business firms. These constitute the concept of consumer movement.

In developed countries, where market forces shape the destiny of the business, consumer choice may have a decisive voice in compelling the business firms to produce quality products with cost consciousness. Efficiency becomes the keynote in the production process and marketing strategy becomes sensitive to the moods of the consumer. There the consumer is sovereign.
But the plight of the consumer in developing countries—with a lot of socialistic ideologies, social controls and public sector monopolies—may not be that of a sovereign, but that of a helpless non-entity ignored by the business and neglected by the state. The consumer does not possess resources or authority to influence and shape the destiny of goods and services produced for him. His position is very similar to that of an ordinary citizen in political democracy sans groups, political parties and organisations. In theory both consumers and people are sovereign but ineffective in the exercise of their powers without mass movements and powerful organisations. Hence the relevance of consumer movement embracing the whole people of the country.

Consumer movement is a social movement seeking to augment the rights and powers of the buyers in relation to the sellers.¹

Consumer Movement consists of individuals, organisations, business firms, service professionals and governmental authorities, aimed at protecting consumers, from practices that infringe upon their rights. In a broad sense, consumer movement condense in itself a wide range of aspirations, objectives, functions, institutions and people, for considering the needs and wishes of consumers, and ensuring their welfare and prosperity, as a whole.

Day and Aaker gave a broad description to the idea of consumer movement. In their opinion, it encompasses the widening range of activities of the government, business and independent organisations that are designed to protect individuals from practices that may stand against the rights of the consumers.2

HISTORY AND DEVELOPMENT

The roots of consumer movement can be traced back virtually as far as the beginning of commerce and trade, and a preoccupation with matters such as accuracy and standardisation of weights and measures and the purity of food, where the consumers’ knowledge and bargaining power have always been weaker than the traders.3

Ancient Jewish Talmudic Law contained references warning against the mis-use of weights and measures. The law then existed specified the type of weights and measures to be employed, procedures of weighing, general merchant rules and methods of enforcement. The earliest Roman legislation Lex Julia De Anona intended to protect the consumers against artificial increase in price of food stuffs and other commodities. In Babylonia, the code of Hammurabi provided for dealing with negligence of physicians.

2 Day & Aaker; ‘Consumer Education - Need of the Hour, Article of Raghubir Sing in Indian Management, June 1989, p.13
3 Saraf D.N. : Law of Consumer Protection in India, N.M. Tripathi, Bombay, 1990, .61
The well known Arthashastra and texts in SMRITI contained precise and specific provisions prohibiting adulteration of food stuffs. They recommended legal vigilance over the price and movement of essential goods. All these were humble beginnings of a consumer movement.

Even though government intervention could be traced back to as early as the Biblical period and Vedic age, consumer movement, as a social force, has a short history - of one and a half centuries. On an international level, the first attempt towards an organised move of consumers, business people and the government, jointly, took birth in the United States in 1850s, when industrial establishments began to be set up. Local consumer groups were formed to discuss matters relating to industrial progress, consumption, consumer welfare, and movement of goods.

Towards the end of 18th century, the first consumer association took birth in the U.S.A. when the National Consumer's League was established in the year 1899. As industry and commerce developed in the 19th and 20th centuries, more directed efforts by consumers, business firms and the government, were organised as measures of mutual help. The strength of consumer movement in the U.S.A. grew in two dimensions. A new philosophy of consumer awakening dawned as a result of the writings of
T Vebtin, Stuart Chase and F J Schlink, R H Townie etc. Their popular literary contributions crystallised widespread consumer discontent which paved the way for a consumer movement.

The other dimension of growth of consumer movement was on the front of legislations aimed at the protection and welfare of consumers. In 1906, the Food and Drug Act was passed followed by the Federal Trade Commission in 1914, with the object of curbing monopoly and unfair trade practices. In 1929, Consumer Research Incorporation was established in New York City, as the first step towards consumer education.

The 1930s witnessed first open consumer resentment against business malpractices in the U.S.A. A sudden interest in the fundamental rights of consumers emerged with the one-man crusade of Ralph Nadar against the mighty automobile industry. His work 'Unsafe at any Speed' brought the issue of consumer safety into forefront, and his efforts coupled with an increase in public awareness sowed the seed of an uprising consumer movement. In 1936, 'Consumers Union' was established in the U.S.A. and the Union became more and more concerned with the problem of obtaining

justice for consumers, attacking practices such as selling cosmetics in jars, selling at odd weights and measures etc.

Beginning of the present day consumer movement can be attributed to the then president of the U.S.A. - J.K. Kennedy's message to the Congress on March 13, 1962 in which he outlined the consumer Bill of Rights. In this Bill, he asserted that government is the ultimate guarantor of consumer rights. The achievements and progress of consumer organisations in the U.S.A. led to the establishment of a number of consumer organisations in many parts of the world.

Meanwhile consumer movement took birth in other Western European countries also. In Great Britain, consumer movement began to gather momentum after the Second World War. For the first time, in England, the labour party put out a pamphlet entitled 'Battle for the consumer'. Today, there is an exclusive Ministry for Consumer Protection, in England. Consumer Association is one of the major organisations of consumers in England, and the English counterpart of the Consumer Union of U.S.A.

The British government appointed Consumers' Council in 1963. The Council was envisaged to be the authoritative and considered voice of the consumer and it soon came to exercise a healthy influence on the government
as well as on the trade. In the following years several legislative enactments were passed for the benefit of the consumer. The governments of other countries closely followed England in the matter of legal enactments.

In Germany Arseitsgemeinschaft der Verbanche Verbands (Consumers' Union of the Working community) was set up, running on the lines of Consumer Association of England. Starting from the working class, the consumer movement spread among the elite class also.

The French, consumer movement was officially started with the establishment of organisation General Des Consummateures. There also the labour class was the main force behind the numerous consumer organisations mushroomed all over France during 1960s.

Among the Asian countries, Japan has demonstrated how a consumer revolution can take place along with economic development. In 1968, a commission for the protection of consumers was established directly responsible to the Prime Minister. The earliest Japanese consumer associations were known as 'Shufuren'⁸

Perhaps the most interesting development from the point of view of

consumers' protection have taken place in recent years in Newzealand where the influence of consumer movement was reflected not only in legislation but also in organisation of individual consumers'. In 1959, a 'Consumer Counsel' was set up under the Ministry of Industry and Commerce. In 1966 a Consumers' Institute was established solely for the purpose of educating the consumers.9

Similar movements have, in the last two decades, grown in Australia and Europe. In Sweden, three institutions of great significance have been functioning for the purpose of consumer protection. These are the National Institute of Consumer Information, Ministry for Consumer Welfare and the Consumer Council of Sweden.

It is quite reasonable that progressive idea will break geographical barriers. Accordingly federations of consumer associations began to be established at National and International levels. The International Organisation Of Consumer Unions was the first among them. At present the International Organisation of Consumer Unions (IOCU) plays a lead role in strengthening consumer movement on a global scale.10

It is against this back ground that we have to trace the development of

9 ibid. P.21
10 ibid. p.22.
Consumer movement in India. This is being attempted in the following paragraphs.

CONSUMER MOVEMENT: AN INDIAN PROFILE

India has a very long history of Consumer considerations dating back to the Vedic Age. Elaborate references were given in the leading texts of that time such as Manusmriti, Arthashastra, Yajnavalkya Smriti, Nārādasmṛiti, Brihaspati Smrīti and Katayana-smrīti. However, these references were only protective considerations on the part of the Kingdom and did not provide for an organised consumer movement.

From this view, in India, consumer movement and particularly voluntary consumer organisations are of recent origin. Consumer organisations have just made a humble beginning and have shown great advancement since 1930. The assessment of the development of Indian consumer movement is done in 2 sections - Pre-Independence scenario and post independence scenario.

Pre-Independence Scenario

In the pre-independence period, Indian consumers were not organised unlike in many other countries of the world. Consequently the development of the movement, in that period, was retarded.
It was during the Mugal time and especially during the reign of Ala-ud-din Khilji, efforts were first made for co-ordinating the measures for consumer welfare. He directed the consumer protective measures, considering the views of the traders and other forces influencing the market of commodities. He gave traders and brokers a special place in the market system.

During the British regime, economic policies in India were concerned more with protecting the British interests than with advancing the welfare of the masses. Accordingly, most of the legislations were enacted with this aim. However, some inadvertent efforts towards promotion of consumer movement took place through certain enactments like the Indian Penal Code, 1860, the Dangerous Drugs Act, 1930, Sale of Goods Act, 1930, the Drugs and Cosmetics Act, 1940 etc., It can be observed that these enactments considered the roles of both consumers and traders in the market place. In 1904, the emergence of co-operative movement gave a light impetus to the development of consumer movement.

Thus, as a whole, in the pre-independence period, consumer movement had a very modest beginning. However, the post independence era witnessed a series of phases of the movement growth.

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Post-Independence Scenario

With the adoption of the constitution in 1950, the aspirations of people on equality, fraternity, justice and liberty found an explicit expression. This coupled with the adoption of a democracy based socialistic pattern of society began to shape thoughts and perceptions of people, which provided a base for the growth of consumer movement in India. As a result, resistance on the part of consumers sprang up here and there in an unorganised manner. However, such consumer resistance could not take wings and make any impact on the national economy, because of absence of mass education and organisation of consumers. This situation continued till 1957 when the first consumer organisation was formed in Bombay, by a handful of housewives. They protested against the price hike of milk by the Milk Producers Union of Bombay. Their week-long protest succeeded under the banner of Consumer Guidance Society of India, Bombay (CGSI). It was the first sensational victory attained through organised attempts of the hitherto unorganised consumers.

The general public gradually understood the fact that in the absence of an effective forum for consumers, individual consumers would continue to be helpless victims, on account of economic imbalances, inequalities, teeming population, high rate of illiteracy, shortages of essential commodities,
adulteration, black-marketing etc.\textsuperscript{12}

The establishment of earlier organisations helped the spreading of consumer awareness, all over the country. The Indian Association of Consumers - a national agency started with the financial backing of the Planning Commission was established in 1959, but it did not make much head away. However, a nucleus organisation called National Consumer Service was set up in 1963. During the 1970s India witnessed proliferation of more organisations joining the advent of the consumer movement, including the Consumer Education and Research Centre of Ahmadabad, Gujarat (CERC). Later on CERC became more resourceful than CGSI and came to the forefront in the aspect of building a strong consumer movement in India. By the end of 1970s, the CERC and CGSI emerged as two pioneering consumer associations at the helm of Indian Consumer Movement.

In 1980s, voluntary consumer organisations were formed in almost all states. The organised voices of the consumers were heard from different corners of the country. The presence of a strong consumer movement was felt through seminars and conference held occasionally in New Delhi and other parts of India, in order to make aware the Indian masses and government. The missionary zeal of consumer activists and the foresight of the young

\footnote{\textsuperscript{12} M. Majumdar : Indian Consumer -- his malady, consumer confrontation, vol. 6. P.21, 1988.}
Prime Minister Rajiv Gandhi culminated in the birth of a new era in Indian consumer movement. In 1986, the Indian Consumer Protection Act was passed by the parliament.

The enactment of the COPRA, and establishment of consumer fora initiated the formation of more and more voluntary consumer organisations throughout the country, building a strong structural base for consumer movement.

The role of business firms in the consumer movement had not been dominant, unlike in other countries. This is due to the mixed nature of India’s economy and multiplicity of subsidies and concessions enjoyed by business firms. In Indian context, the self-regulation concept of business is not much relevant. Besides, business firms have not made increased efforts towards consumer education. The business firms in India have not realised the significance of consumer education, which really is beneficial, not only to consumers, but also to traders, in the ultimate analysis. The business community must educate themselves about implications and effects of various provisions of different laws and imbibe the spirit of enactments and act as the guardian of consumer interests.

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Towards the end of 1970s, a need was also felt to remind the trading community of their social responsibilities. In the year 1977, a high-powered expert committee popularly known as the Sachar Committee was appointed to consider and report, inter alia, on measures by which re-orientation of business outlook could be brought about, so as to ensure discharge of social responsibilities by business firms.

The aspect of governmental intervention had been much influential compared to the other two components. The government have made known its presence through the effective controls and legal enactments affecting the consumers and the general public. But the legislation in the country in the field of consumerism is still inadequate, and ill-directed. Whenever, there is legislation, it is inoperative or its operation is ineffective to a considerable degree.

The role of government in the development of Indian consumer movement, where bulk of its people are illiterate and poor, becomes significant and inexplicable. The government has to act as a model for others to emulate in consumer services like electricity, water, telephone, post and telegraph, railways etc.

The individual consumers all over the country have generally realised...
the fact that only by organised attempts they could achieve something. They have to raise their voices in unison, press and fight for their needs and demands. In developed countries almost every month consumer groups are pressing for amendments of existing laws.

CONSUMER MOVEMENT IN KERALA.

In Kerala, consumer movement of the present day shape has a very short history, Kerala is generally considered a consumer state, and as such there should have been more development in the sphere of consumer movement through increased number of voluntary organisations, to speak up for consumers. But the reality is that there is a dearth of consumer organisations and consumer activists. All the known voluntary organisations are of recent origin. Therefore, their fruits are yet to come. They have very limited published data, and are basically urban based.

In spite of the dearth of consumer organisations, Kerala was rich in the aspect of consumer considerations and protective measures, from very olden times.

In ancient Kerala, the then rulers took greater interest in protecting the welfare of their citizens including consumers. The Ay dynasty imposed fines

in the form of gold coins for offences against consumer. Vasco-de-Gama, the great explorer made references of consumer care of the then ruler-Emperor Samoothiri of Malabar, in the fifteenth century. The ancient rulers encouraged both traders and public towards progress, backed by mutual co-operation and trust. The enlightened rulers of Kerala offered excellent administration and high degree of prosperity to the citizens.

The most outstanding achievement as a result of the consumer protection measures of ancient Kerala rulers is a welcome change in the attitude and perceptions of both the consumers and the trading community. In the early days, consumers rarely came forward with complaints as they had an apprehension that it will not yield result. But, today the position has changed. Complaints have increased by leaps and bounds. This is the first stage of transformation towards a stronger consumer movement in Kerala. The transformation took place in 1980s. In 1982, the CGSI, Bombay opened two branches at Trichur and Kottayam. These were the first consumer organisations set up in Kerala. It was when a group of enlightened lawyers took the lead, the consumer movement was conceived as a people’s movement in Kerala.15

In 1985, the consumer Protection Council of Kerala (CPCK) was

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registered. In the same year, Kozhikode Jilla Consumer Council (KJCC) was set up in the city of Calicut. The Kerala State Consumer’s Co-ordination Committee (KSCCC) was founded in 1986 in Cochin. In the next year, the Kerala Consumer Education Society was established in Trichur.

The awareness created by the above pioneering associations encouraged the formation of a number of other voluntary consumer organisations in Kerala. At present there are 129 registered voluntary organisation operating throughout Kerala.

CONSUMER MOVEMENT IN THE STUDY AREA

The Study area comprises of the five districts of Malappuram, Kozhikode, Wynad, Kannur and Kasargode. The consumer movement in the study area is on a developing phase and is constituted by the consumers, consumer organisations, business firms and redressal agencies. The area has thirty-four consumers’ organisations and five district fora besides a large number of consumers and business firms.

 Consumers and consumer organisations, in the area are gradually making the consumer movement official by constantly planning and implementing consumer programmes, public education, awareness campaigning and publishing facts in local newspapers, T.V, radio, periodicals...
and government publications.

After the advent of COPRA, the business community had been playing a significant role by trying to adhere to the codes of ethics and social practice, as a part of self-regulation. The government also has been giving preference for protecting consumer interest and welfare. The District Fora have been performing their functions more or less satisfactorily, in an attempt to cop up with the expectations of consumers.

PROBLEMS OF CONSUMER MOVEMENT IN THE STUDY AREA

Over a period of time, when the various efforts of consumers and others, directed at safeguarding the interest of consumers, attain a consistency, these efforts may be said to have assumed the shape of a movement in a society. Some of the indicators of such a movement include the presence of the organised consumer groups, consumer protection, legislation and adjustment of business behaviour. But, in the study area, the growth of consumer movement is very slow. The reasons for the slow growth are-

1. Sellers do not try to visualise the problems from a consumer viewpoint.
2. Businessmen create artificial scarcity of products, hence product choice becomes limited, and the consumer are forced to buy whatever is available.
3. The term consumer is only an abstraction from a large number of people with various socio-economic-cultural back grounds. This will reflect in their attitudes, responses etc. towards the consumer movement.

4. There is no positive common objective for the consumer. Only long range objectives would contribute towards a progressing consumer movement.

5. Multiple overlapping roles of individual members of voluntary consumer associations, with diverse interests, are often contradictory and conflicting with each other.

6. Individual consumers are more interested in themselves for short and immediate benefits. Under conditions of scarcity especially of essential commodities, individual consumers may violate the common interest by hoarding even by paying higher prices.

7. Academicians, intellectuals and social workers who take leadership in consumer movement are satisfied by organising seminars and conferences, without follow up action programmes.

8. The extent of protection provided by legislations is still inadequate. The legal process in India is not only time consuming, but also expensive and cumbersome.

9. Most of the consumers in the study area are not literate, vigilant or well-informed as to consumerism. They lack knowledge, ability, experience and buying capacity as compared to the consumers of elsewhere.

COMPONENTS OF CONSUMER MOVEMENT

Despite difference of opinions among various authors and schools of
thought, most researchers and practitioners in consumerism believe that there are three distinct processes with identifiable entities that would safeguard consumer interest, and thus will contribute to consumer movement. They are consumers including consumer organisations, business firms and the government. Indian consumer movement can be depicted as a triangle where consumers, business firms and the governments form the three sides. Consumers and their organisations could provide the base of the triangle and business firms and the government could form the other two sides. This is illustrated in Fig. I.

Consumers

Individual consumers play a vital role in the promotion of consumer movement. A consumer citizen acts not only to improve his individual economic status, but also contribute towards democratic means for the welfare of consumer masses. Through timely and appropriate responses, individuals can become a significant part of consumer movement. This is achieved by promoting consumer education and awareness of their rights in the market place.

In order that the consumer is able to help himself, it is necessary that steps should be taken to organise consumer guidance societies and to monitor
Fig. 2.1
Components of Consumer Movement

Government

Business Firms

Consumers & Consumer Organisations
public opinion in favour of the consumer. For this purpose, the Union Ministry of Civil Supplies operate a scheme of providing financial assistance to voluntary consumer organisations for implementing specific projects of consumer awareness, consumer education and consumer protection. A set of guidelines has been evolved listing out the categories of consumer protection societies which are eligible for financial assistance under this scheme. This gesture on the part of the authorities reveals the importance of consumer and consumer organisations in the promotion of consumer movement in India.

In a broader and simple sense, every human being who consumes anything for survival is a consumer. Hence the term consumer has always been defined in a specific sense. For instance, the Longman Dictionary of English Language defines a consumer as "one who purchases goods or services."\(^{16}\) As per the Oxford English Dictionary, a consumer is "one who purchase goods or pays for service".\(^{17}\) The Oxford Advanced Learners' Dictionary also defines consumer as a 'person who buys goods or uses services".\(^{18}\) However, where as a consumer, according to the Collins English dictionary is "a person who purchases goods and services for his own

personal needs.”\textsuperscript{19} the Random House dictionary defines consumer as “a person or an organisation that uses a commodity or service.”\textsuperscript{20}

If all the above five definitions are subjected to close analysis, certain differences and similarities can be seen among them. For instance the first definition is a very simple and straightforward one, and accordingly, any body who purchase goods or services is consumer. The factor of using the goods or services is not given stress. The second and third definitions are almost the same, except that instead of the words “purchase goods and services", the words “pays for services” and “uses services” have been used respectively. The fourth definition is more clear than the earlier three as it specifically defines consumer as a person who “purchases goods and services for personal needs”.

According to the Indian law of consumer protection section 2 (1) d (i) and (ii) the term consumer is any person who buys any goods or hires or avails of any service for consideration which has been paid or promised, or partly paid or partly promised. It also includes any user of such goods or of such services.

The Indian law only excludes from this definition persons who obtain such goods for resale or for any commercial purpose. The term 'commercial purpose' has not been defined in the 1986 Act. However the term has come for determination by consumer Fora in a large number of cases and has also led to pronouncement of apparently contradictory decisions by various consumer Fora including even the National commission. This has also given rise to a controversy regarding the inclusion or exclusion of a particular category of persons who purchase an item for self-employment. However, due primarily to the constant pressure by consumer associations the balance has tilted in favour of consumers as the National Commission in its decision in the secretary, Consumer Guidance & Research Society of India Vs B.P.L. India Ltd and in certain other cases, has declared all those categories of persons who purchase any instrument for their self-employment to be within the ambit of the term consumer.

Rights of the Consumer

The protection and welfare of the consumers was never a serious

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21 See: Oswal Fine Arts V HMT Madras, I (1991) CPJ 330 (NC)
Lohia Starlinger Ltd. V. Zenith Computers Ltd. I(1991) CPJ 145 (NC)
Laxmi Engineering Works V PSG Industrial Institute, (1995) CTJ 289 (SC)

22 Secretary, CGSI V BPL India Ltd, I(1991) CPR 140 (NC)
Abhay Kumar Panda V Bajaj Auto Ltd. 11(1991) CPJ 644 (SC)
concern of even governments, a few decades back. That is why in many countries including India the principle recognised by law has been 'CAVEAT EMPTOR' which means let the buyer beware. The maxim originated in England to safeguard the interests of the seller and was followed by India and other countries. While laying down rules and regulations affecting industry, trade and commerce, the government appeared to be more and more interested in earning revenues than in protecting the interests and welfare of consumers.

The consumer in olden days was hardly ever consulted, but always been taken for granted. Until the thirties of the century, this element reflected in the forming of traditional rights of buyers and sellers, with respect to each other, which were as below:

The buyer had the right:

(a) to not to buy a product that was offered to him
(b) to expect the product to turn out to be essentially as represented by the seller, and,
(c) to expect the product that was offered, to be safe and merchantable.

The seller had the right:

(a) to introduce any product in any size and style,
(b) to price the product at any level he wished,

(c) to spend any amount of money in order to promote sale of the product,

(d) to formulate any advertising message in order to attract consumers.

(e) to introduce any buying incentive scheme

Obviously, a critical examination of the nature and characteristics of the rights of buyers and sellers will reveal the fact that, the law and practice was more for safeguarding the rights and interests of sellers rather than the buyers or consumers. At that time, it was not appreciated that everybody was a consumer.

Today, the rights of consumers are much different and much improved than they were a few decades ago. The consumer Protection Act, 1986, seeks, inter alia, to promote and protect the following rights of consumers;

(1) The right to be protected against marketing of goods (and services) which are hazardous to life and property,

(2) The right to be informed about the quality, quantity, potency, purity, standard and price of goods (or services) so as to protect the consumer against unfair trade practices.

(3) The right to be assured, wherever possible, access to a variety of goods

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(and services) at competitive prices,

(4) The right to be heard and to be assured that consumers' interest will receive due consideration at appropriate forums,

(5) The right to seek redressal against unfair trade practices (or restrictive trade practices) or unscrupulous exploitation of consumers, and

(6) The right to consumer education.

The various consumer rights, recognised the world over has been incorporated due to prolonged and forceful lobbying by consumer organisations, consumer activists and other individuals. It is worth noting that prior to the 1993 Amendment Act, the consumer's rights to safety information, redressal and representation etc. were confined to goods only, as the term 'service' was not mentioned in the context of any of these rights. However, by the Amendment Act of 1993 the term 'Service' has been added to all these rights.

However, it is to be noted that all the consumer rights envisaged by the International Organisation of Consumers' Union (IOCU) have not been given place of pride in the Indian law.

The right to basic needs is significant enough to get focused attention

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26 Mumbai Grahak Panchayat V Lohia Machines Ltd. 1(1991) CPJ 26 (NC)
and high priority from the consumer law and consumer organisations, especially in the countries of the third world. Unfortunately, the government of India has not yet taken up the matter, in seriousness.

The right of healthy environment is now considered to be one of the most important consumer rights today, as all consumers, rich and poor are affected by environmental pollution and degradation. Many of the voluntary consumer organisations, too have highlighted the environmental problems, especially where human health is concerned. More recently, voluntary consumer organisations world wide have begun to focus on global environmental problems and are now pressurising governments to take appropriate corrective measures to enable consumers to live and work in a safe and healthy environment.

In the ultimate analysis, consumers' interest can be protected adequately only by organised action, on the part of the consumers. In order to achieve their objectives effectively, the consumer must get together, establish their own organisations, pressurise for their rights, raise their voice and make their voice heard wherever necessary. Thus consumers constitute the foremost component in the movement and includes consumer organisations, which are gaining importance in the furtherance of the movement. In the following
paragraphs, the role of consumer organisations is explained.

Consumer Organisations

Organisations comprising of individual consumers constitute an important component of the consumer movement, apart from business firms and government. The foregoing section dealt with consumers as the most important component. In fact, consumer organisations (hereinafter called VCOs) form part of consumers, and therefore, in this section it is attempted to bring out the importance of the role of consumer organisations in the consumer movement. This is attempted by discussing its origin, development, functions and growth. A profile of VCOs in Kerala has also been given in this section.

There are a large number of registered and unregistered voluntary consumer organisations functioning throughout India for the pursuance of consumer welfare and to give a concrete shape to the consumer movement. Consumer organisations are organised efforts of individual consumers seeking awareness, education, advice, redressal, restitution and remedy for dissatisfaction they have accumulated in the acquisition of their standard of living.

Indian consumers have not been organised unlike in many other
countries. Consequently, the exploitation to which the consumer is subjected to by the organised class of producers and traders go on unchecked. The infringements of the consumer rights has forced them to unite together to defend their interest. Accordingly a number of consumer organisations have been established at local, district, state and national levels. The consumer organisations in India have a very short history. As stated earlier, the earliest consumer organisation was started in Bombay in 1956. This was the birth of Consumer Guidance Society of India, one of the pioneers of Indian consumer organisations. In 1971 Indian Consumer Union was registered in New Delhi, and in 1979, the Consumer Education and Research Centre was established in Ahmedabad.

It was after the 1975-76 Emergency that representative proceedings was allowed, for the first time in India, by the Supreme Court of India. This added a new dimension to litigation on the part of consumers. Until then the concept of justice was almost meaningless for common consumers who were "unaware of the laws or even of their rights and procedures involved, and too impoverished to engage lawyers, file papers and bear heavy expenditure on litigation". The new magnanimity encouraged journalists, activists, social workers and organisations to litigate on behalf of the poor, illiterate, exploited

and oppressed consumers. Therefrom the courts started recognising the right of organisations to approach them for the protection of the rights of the consumers.

The significance of consumer organisations in consumer movement arises due to three factors. Firstly, in a democratic country like India, it is only the voice of people in unison, in an organised manner, which may produce any positive result. Secondly, consumer education and awareness is a pre-requisite for a sound consumer movement, and consumer organisations are the appropriate and fit agency to disseminate awareness and education to the consumer mass. Thirdly, individual responses may turn immature, untimely and ill directed. Organisations can assist the individual consumers in responding in an effective and directed way.

*Functions of Consumer Organisations*

Commendable work has been performed by voluntary consumer organisations in many countries including India, in extending the interests and rights of consumers. The main contributions of these organisations are in the following areas.
(1) **Consumer Education**

The consumer organisations have played a significant role in imparting information about various consumer goods and services which may relate to price, quality, availability etc.

(2) **Product Rating**

In order to guide the consumer in the choice of products, some of the agencies carry out tests and report as to the quality, purity, potency, standard etc. This process is called Product Rating.

(3) **Liaison with government**

Another important role of the consumer organisation is to maintain liaison with government authorities, as government is the key factor in the consumer movement in India. The consumer organisations have recognised the fact that a proper relationships and reconciliation should be maintained between the government and the consumer.

(4) **Liaison with business firms**

Another factor, besides the government and the consumers within the consumer movement, is the business firms. It is to be observed that proper relationship should be maintained both between firms and the government,
and business firms and consumer, for the effective protection of consumers' interests and welfare.

(5) Legal Aid and Assistance

Consumer organisations offer legal assistance to the consumers. The important services offered by the organisations include free legal aid, guidance for filing and pleading, appearing for consumer before consumer fora etc. These services are available for members as well as non-members. Many of the organisations have opened their own Legal Aid Cells, for these purposes.

(6) Representing the consumer

On many occasions consumer organisations are asked to represent the consumer in matters affecting them. Consumers may have to be represented before government, business houses, local authorities and redressel agencies.

Growth of voluntary consumer organisations

The growth and development of consumer organisations is an indicator of the progress of consumer movement. From a humble beginning in 1950s, consumer organisations have developed into a nation-wide network.

In 1977, the twenty point programme launched by the then central government included the promotion of establishment of associations for the benefit of consumers. Accordingly, 382 consumer organisations were duly
registered in that year.\textsuperscript{28} Thereafter, there was steady increase in the number of voluntary consumer organisations. At present, there are about 3000 registered organisations to speak for consumers.\textsuperscript{29} The growth in number of organisations for the period 1977-1997, is depicted in Fig 2.

\textit{A profile of voluntary consumer organisations in Kerala}

Kerala is generally considered a consumer state and as such, there should have been abundant consumer organisations. But the reality is that there is a dearth of consumer organisations. That is one of the reasons for the slow growth of consumer movement in Kerala.

There are a number of voluntary consumer organisations functioning in Kerala. Some of them are registered while others are not. At present, there are more than 130 registered voluntary consumer organisations in Kerala, functioning in urban and rural areas of Kerala.\textsuperscript{30}

Most of the consumer organisations are operating in urban areas, but they have subordinate offices in rural areas also.

The consumer organisations in Kerala have been striving to achieve their objectives of consumer awareness and education, information and legal

\textsuperscript{29} T. Mandana: \textit{History of Consumer Movement}: Upbhokta Jagaran, October 1996.
Fig. 2.2
Growth in number of VCOs (1977 - 1997)
aid, liaison with government and business community and representing the government before appropriate fora. They convene various sorts of seminars, workshops, demonstrations and dharnas for educating and building awareness among consumers.

The Kerala government does not provide much financial assistance for the operations of consumer organisations. However, the central government of India, allocates and sanctions considerable amount from the Central Consumer Welfare fund, maintained by the Ministry for Civil Supplies Corporation. The assistance from the Consumer Welfare Fund is available only to registered voluntary consumer organisations for specified purposes.


Besides the above stated formal voluntary consumer organisations, there are a number of informal consumer groups active in Kerala.
Consumers' Vigilance Cells have been established comprising of ration-card holders, under each ration shop.

At the village level, there are the consumer protection councils, in almost all the villages of the state. At the Panchayat level, Food Advisory Cells have been established to educate the consumers and to represent the consumers in matters relating to supplies of food by Civil Supplies Corporation.

Even though there is a dearth of voluntary consumer organisations in Kerala, the missionary zeal and devotion of a few organisations and active leadership of a few consumer activists, is mainly responsible for the growth of consumer movement in Kerala. The movement has just made a humble beginning and has yet a long way to go.

The VCOs play a vital role at all levels like influencing policy decisions, raising questions in parliament, doing active research into various subjects and topics, educating consumers, protecting the environments and invoking law to protect the rights of consumers, VCOs are to act in the front, on behalf of the individual consumers. Like the base of a triangle, they would provide the base for the consumer movement, and thus ensure the establishment and spreading of a strong movement. For this, VCOs have to collaborate with the other components-business firms and government, which
are discussed in the following sections.

**Business Firms**

In the foregoing paragraphs, the study focused on the role of consumers and consumer organisation in consumer movement. This part is devoted to bring out the significance of the part played by business firms as a component of the movement.

Consumption is the end and purpose of all productive activities whether of goods or services. The very existence of the business world is for the consumer, to satisfy his needs by providing appropriate goods and services. Thus business firms constitute an important component of consumer movement, along with consumers and VCOs.

The term business includes all those human activities relating to production of goods and services, their storing and exchange. In other words business includes industry, commerce, and services. Business firms are those establishments engaged in the activities relating to industry, commerce or service.

The economists envisaged an economic system directed towards the welfare of consumer mass where all incentives encourage the production of men, material and natural resources in producing what people wanted most
with great efficiency. There could be no mis-use or miss-direction of productive power. The fundamental requirement of such a system is competition, where no buyer or seller is large enough to exert appreciable influence on the market. Such a level of economy will greatly contribute towards the progress of consumer movement. When the economy attained competitive equilibrium everybody would try to cut costs wherever possible, in order to survive. The firms would be compelled to produce quality goods and services with cost consciousness. Efficiency would become the key note in the production process and marketing strategy becomes sensitive to the moods of the consumer. Here nobody is the winner except the consumer and the consumer movement. It is a self-policing or self-regulating world where government is, theoretically, not necessary. But there are deficiencies which are described by economists as 'market failures' and makes the government intervention necessary. These market failures include environmental pollution, dearth of public goods, defects of monopoly etc.

However, the existence of business adjustment and self-regulation would be one of the solutions for these market failures, because, there are limitations to the government to freely intervene between the consumer and

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31 P.R. Poduval; Consumerism, Social Significance and Effectiveness, quoted in consumer protection and Legal Control (Ed) P. Leelakrishnan, 1981. P.38.
the producer. The government has to look after both. Hence the significance of self-regulation. Business self-regulation relates to the regularisation in dealings with owners, employees, government, competitors, suppliers, creditors, consumers, society, environment etc.33

Business self-regulation has been advanced as a technique which can make significant contribution towards the development of consumer movement. Business firms have announced moves to assist consumers and have launched ‘codes of ethics’34. It may be observed that in India, ethics are back in business, probably propelled by the enactment and implementation of the COPRA. Before highlighting the post 1986 scenario of business self-regulation, it is attempted to briefly sketch the pre-1986 position.

**Business self-regulation - During pre-COPRA period**

People during the ancient times were conscious of the concept of social responsibility and self-regulation of business35. Mahatma Gandhi was very much concerned about the moral and ethical values on the part of business houses. He expected every businessman to do his duty towards the society

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with efficiency and integrity. Hence, Ralph Nader described him as the “greatest consumer activist the world has ever seen”\textsuperscript{36}

According to Vinoba Bhave, the businessmen should observe code of ethics as a matter of self-discipline which would not only help ease the peoples’ hardship, but would also raise the status of the business community.\textsuperscript{37}

As an impact of the views of these public-spirited individuals, an idea was mooted to establish Fare Trade Practices Association (FTPA), which was later renamed as the Council For Fair Business Practices (CFBP), with the objective of promoting fair trade practices in industry and trade in the interest of consumers. It was launched on October 2nd and heralded a movement for self-regulation in business. A number of business firms have been demonstrating their commitment towards the compliance of the Code of Ethics.

In 1977, the Sachar Committee was appointed to suggest modifications in the Companies’ and MRTP Acts. The committee recommended that provisions be made in the Acts for disclosing the measures of social

\begin{footnotes}
\textsuperscript{36} Ralph Nader; Quoted by Pradeep. S. Mehta : \textit{Right of Consumers, CFBP Silver Jubilee Souvenir (1992)} p.39
\textsuperscript{37} Vinoba Bhave, Quoted by Ramakrishna Bajaj, \textit{In consumer View Point}, Bombay, CFBP(1991).p.71
\end{footnotes}
responsibility and regulations of business houses. But the number of the firms who complied with this was few, especially during the pre-COPRA period.

Business Self-Regulation during Post-COPRA Period

There has been an increased amount of business self-regulation in the last few years, particularly after the enactment of the COPRA. Business firms have been trying to improve their image by setting up consumer grievance cells and associating representatives of consumer organisations in some of their decision process. However, despite the institutionalisation of complaint redressal mechanism by the firms, consumers are still not satisfied and are compelled to resort to legal action.

The CFBP has been more active in making the business community conscious of its social obligations, by formulating a 9-point code of fair business practices to ensure justice and a fair deal to consumers. It started the Consumer Affairs Cells (CACs) to establish high standards of consumer satisfaction and consumer relation as a positive response to the consumer movement. But the attempts of CFBP did not find much favour with many of the business firms.

The Federation of Indian Chambers of Commerce and Industry
(FICCI) considered business self-regulation as the main alternative for the solution of consumer problems, and set up a Consumer-Business Forum. Besides, FICCI also set up a 10 point norms of business ethics. But the FICCI's interest in consumer's welfare has been alleged to be a facade to impress the government and the consumer.\(^{38}\)

The Advertising Standards Council of India (ASCI) introduced a 'code for self regulation in advertising, aimed at a commitment to honest advertising by the business firms. The ASCI seems to have made its impact by monitoring and regulating the type, content and quality of advertisements.

The Associated Chamber of Commerce and Industry of India (ASSOCHAM) set up an Expert Committee on Consumer Affairs in order to promote consumer awareness amongst business houses and also to educate consumers about their rights. Similarly Association of Indian Engineering Industry (AIEI) formulated its own 13 point consumer code. The Confederation of Indian Foods Trade and Industry (CIFTI) has drawn up a code of ethics for food industry and trade. New Delhi Traders Association (NDTA) introduced its own code of conduct and directed the members to

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establish Consumer Service Committees, like the CACs, to deal with consumer complaints. In spite of all the above attempts on the part of the business firms, they seem more interested in proving their bonafides to the government than the consumer. These attempts on the part of business firms towards self regulation did not bear much fruits.

Business firms, as envisaged by the COPRA, represent traders, manufacturers and service firms.

Trader means a person who sells or distributes any goods for sale and includes the packer, thereof (sec. 2(9)).

Manufacturer is a person who manufactures or makes any goods or parts thereof or assemble parts, or puts or causes to be put his own mark on any goods (sec. 2(j)).

Service means service of any description which is made available to potential users, but does not include the rendering of any service free of charge, or under a contract of personal service (sec. 2(o)).

The above discussion highlights the significance of business firms as a major component of the consumer movement, and the part it has played, through self regulation, for fostering the development of the movement in
India. Below, an attempt is made to reveal the importance of government as another component of the movement.

**Government**

Government or Government intervention is one of the three components of the consumer movement, and is a significant factor. The significance stems from the fact that in a modern democratic country like India, it is the duty and responsibility of the government to safeguard the rights, interests and welfare of the public including the consumer mass. In the following paragraphs, an attempt is made to identify and examine the historic milestones in government intervention, the avenues of consumer exploitation, areas of government intervention, and the constitutional backup, for governmental intervention.

**History of Government Intervention**

The governments have been actively participating in the regular economic and political life of its citizens, and the participation has been increasing, with regard to its intensity and coverage, for centuries. The earliest government intervention in economic life was in public legislation for the purpose of taxation, external defence and for maintenance of internal law and order. With the emergence of the mercantilist school of thought, the
government introduced more active intervention in the economic life of people. Many European countries, accordingly, introduced strict regulations regarding production, pricing, movement, exports, imports and consumption of goods. But the intervention was not meant to protect the welfare and interest of the consumer, but imposed as a part of furthering the narrowly conceived policies of national power and sovereignty.

In the eighteenth century physiocrats emerged arguing for the doctrine of natural liberty and laissez-faire for the citizens. But, with the appearance of Adam Smith, the mercantilism and laissez-faire were driven aside. He argued in favour of allowing the 'invisible hand' of enlightened self-interest to shape economic destiny, in an atmosphere of competition, individualism and free trade.

In the words of Adam Smith: "As every individual endeavours, as much as he can, to direct the industry that its produce may be of greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote public interest, nor knows how much he is promoting it by directing that industry in such manner as its produce may be of greatest value, he

40 Ibid. p.50.
intends only his own gain, and he is in this, as in many other cases, led by an ‘invisible hand’ to promote an end, which was no part of his intention. By pursuing his own interest he frequently promotes that of the society more effectively than when he really intends to promote it”.41

In the next phase, industrial revolution brought forth increased mass production, specialisation and division of labour. This led to the material progress of the society, along with the miseries of the society. As a result, socialist ideas emerged, towards the middle of the 19th century. Socialist governments perceived complete governmental control and intervention, not only in the economic life of the citizens but also in the social and cultural aspects of life.42

Then the globe was divided into 2 blocks—those with complete government ownership and control (example: China and other Socialist Republics) and those representing free enterprise system with less government intervention (example: USA, UK and other capitalist countries). But at present, a third world has emerged as a consequence of the set backs to the two extremes of socialism and free capitalism. In most of the third world countries, there is a mixture of both the aspects — socialism and capitalism, in

varying degrees of intensity.\textsuperscript{43}

The former governments limited their intervention and control to certain areas only like production of goods, movement of goods and the consumption aspects. But modern governments seem to show more interest in intervening in deeper areas of public welfare such as:

1) prices of goods and services,
2) quality of goods and services,
3) selection of goods and services,
4) prices of related substitutes,
5) practices of selling,
6) advertising methods,
7) standards of weights and measures,
8) representation, and,
9) redressal.

1. \textit{Prices of goods and services}

In olden times itself it was recognised that consumers have the right to receive goods at reasonable prices. The governments of all periods have played a crucial role in regulating the prices and other affairs of the market.

Older legislators discouraged forestalling, engrossing and black marketing.\textsuperscript{44} In the 18th and 19th centuries, when it was generally felt that the prices were too high, the governments intervened by passing price control orders. More recently, Anti Trust Laws and Monopoly and Restrictive Trade Practices Acts were passed in order to prevent the abuses of price mechanism by monopolies and trusts. Besides, within the purview of price controls, not only goods but also services were brought.

2. Quality of goods and services

Since the 15th century onwards, government authorities had been issuing orders regulating the contents and quality of commodities produced and sold. The government took special care in the quality of food and food products. In order to protect the health and safety of the public and the consumer, several countries came forward with appropriate enactments to control the composition and standard of goods and services, produced and sold in the country. Recently many governments have set up institutions of standards for quality assurance of goods and services by way of establishing national standards and operating product quality system certification schemes. Accordingly, on a global level, International Organisation for

\textsuperscript{44} Letwin: \textit{English Company Law Concerning Monopolies}. University of Chicago La Review, 1954, p.355.
Standardisation (ISO) was set up to lay maximum emphasis on the quality parameters of various products and services.

3. Selection of goods and services

Previously, consumers hadn’t the right of free selection of goods. But the present day governments had intervened and won this right for the consumer, by providing necessary consumer information in order to enable him decide rationally. For rational selection, adequate information is a pre-requisite. Therefore, most governments have adopted legislations with greater emphasis on preventing the concealment of information and encouraging the dissemination of necessary information. Certain governments (Example: England) have established Advertising Standard Committee and are implementing Code of Advertising Products, in order to be helpful to the consumers, in the aspects of information and awareness.

4. Prices of related goods or substitutes

The prices of related goods and services and or substitutes will surely influence the buying process and rational choice of the consumers. This area of consumer interest has not gained adequate governmental recognition and reflects itself in a shortage of enactments both primitive and present.
5. Trading Practices

From very old time onwards governments had been intervening for regulating the existing buying and selling practices and had cared for preventing any malpractices in selling or any restrictive trade practice. The earlier enactments have proved quite ineffective that still malpractices exist in abundance, to the detriment of the consumer. The prejudicial trade practices prevalent in older societies were unreasonable increase of prices, unreasonable prevention of supply of goods, selling goods unfit for use, deteriorating quality of goods etc. But with the complexities of modern trade and commerce, the nature of prejudicial trade practices have also changed.\(^45\) Such practices of recent origin include selling goods not of merchantable quality, selling goods not corresponding to the description, dealing in fake trade names, charging excess prices through bogus, taxes, selling expired articles, not giving proper information etc. Recently legislations to prevent such malpractices have been passed by the governments. Despite elaborate enactments to curb unhealthy trading practices, they still continue to exist in newer forms.\(^46\)

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6. Weights and Measures

Ensuring standardised weighing practices and measuring practices had been one of the concerns of governments, because it was one area, where there was ample scope for malpractices. The malpractices in weights and measures took the form of under weights, under measurement etc. Governments took effective steps in controlling weights and measures by legislations and enactments and regulating orders. Even the conditions of retail trade have long been subjected to governmental control, whereby merchants were forbidden “to set up red or black clothes or shirts whereby the eyes of the buyers were deceived in the choice of good cloth”. At present stringent legal enactments are existing even at the local village level, for maintaining and administering proper weights and measures.

7. Representation

Previously, consumers, as a class, hadn’t the right to be heard and represented. With the increase in the standard of living of people and general awareness of consumer affairs, this factor of representation gained due recognition. Now almost all enactments affecting consumer rights recognise the right to representation and make ample provision for hearing in proper fora.

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8. Redressal

There were provisions for the redressal of consumer grievances, from the 19th century onwards. But more comprehensive and elaborate enactments have been passed for the redressal of consumer grievances from the latter part of the present century onwards. During the 1970s and 1980s governments had been passing exclusive legislations in the area of redressal, through proper intervention and by setting up redressal machineries with the backing of judiciary.48

Government Intervention - Constitutional backup

Though the word consumer is not to be found anywhere in the Constitution of India, the consumer breaths and peeps out through many of the blood vessels of the constitution. The founding fathers of India’s constitution had a glorious vision of the establishment of a new society in India imbued with high ideals for governing and guaranteeing the multi-dimensional welfare of the people.49

One of the objective of the constitution epitomised in the preamble is doing economic justice to all the masses. The pre-amble of the Indian

constitution lays stress, inter-alia, on socio-economic justice. Article 14 of the Constitution of India guarantees equality before law to all persons. Therefore, producers, sellers and consumers are all equal before law either for receiving reward or punishment.

Under clauses (b) and (c) of Article 39, the State is duty bound to direct its policy towards securing the distribution of ownership and control of material resources of the community in such a way as to “subserve the common good” and the operation of the economic system “which does not result in the concentration of wealth and means of production to common detriment”. These provisions project the necessity of government intervention in the commercial life of its citizens and their social movement.

The three components are significant in their own ways in contributing towards the development of consumer movement in India. Their significance seems to be increased due to the advent of COPRA and other enactments affecting consumers, which has possibly exerted their influence on these components. A discussion on the implications of these enactments including COPRA is attempted in the forthcoming chapter.