

CONSUMER PROTECTION AND CONSUMERISM

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ABSTRACT

The process of development coupled with increasing globalisation across the country has enabled consumers to realise their increasingly important role in society and governance. However, concentration of the market power in the hands of a select few has affected consumers' behaviour over time. In a developing country like India where the incidence of poverty and unemployment is very high and the level of literacy is very low, the people face a volume of problems, particularly in the context of consumer related issues. Unlike in the developed world, consumers in these countries have not been able to play a greater role in the development process. In this paper an analysis has been to explore the consumer protection and consumerism in India.

INTRODUCTION

Consumer rights are an integral part of our lives like the consumerist way of life. We have all made use of them at some point in our daily lives. Market resources and influences are growing by the day and so is the awareness of one's consumer rights. These rights are well defined and there are agencies like the Government, consumer courts and voluntary organizations that work towards safeguarding. While we like to know about our rights and make full use of them, consumer responsibility is an area which is still not demarcated and it is hard to spell out that all the responsibility is that a consumer is supposed to shoulder. Consumer rights are the rights given to a "consumer" to protect him from being cheated by manufacturer/shopkeeper. Consumer protection laws are designed to ensure fair trade competition and the free flow of truthful information in the marketplace, to prevent businesses that engage in fraud or specified unfair practices from gaining an advantage over competitors and may provide additional protection for the weak and those unable to take care of themselves. Consumer Protection laws are a form of government regulation which aim to protect the rights of consumers. The purpose of economic planning is to allocate resources, as far as possible, for the maximum satisfaction of consumers' needs. Any goods or services produced in an economy are ultimately meant for consumers. There is a logical, moral and political force in the proposition that the consumers themselves should have the right to take decisions about the allocation of resources for their own needs. Realising this need, the International Organisation of Consumer Unions, now known as Consumers International, took the initiative and under its consistent lobbying, the United Nations adopted a set of Guidelines for Consumer Protection on April 9, 1985 which were revised in 1999. The Guidelines address the interests and needs of consumers worldwide and provide a

framework for Governments, particularly those of developing and newly independent countries, to use for elaborating and strengthening consumer protection policies and legislation.

There are the following eight consumer rights by the Consumers' International:

- (1) Right to Choice;
- (2) Right to Basic Needs
- (3) Right to Redressal;
- (4) Right to Safety;
- (5) Right to Information;
- (6) Right to Consumer Education;
- (7) Right to Representation; and
- (8) Right to Healthy Environment

Need for Consumer Protection in Developing Countries like India

- (1) CONSUMERS ARE NOT ORGANISED
- (2) ILLITERATE CONSUMER
- (3) POVERTY
- (4) UNEMPLOYMENT

HISTORICAL BACKGROUND OF CONSUMER PROTECTITON ACT.

In the early years when welfare legislatures like the consumer protection Act did not exist, the maxim *Caveat emptor* (let the buyer beware) governed the market deals. We find the seeds of consumer protection during the Mughal times and especially during the time of Khiljis. It is said that Sultan *Ala-ud-Din Khilji* (1296 A.D. to 1316 A.D.) had introduced strict price control measures based on production costs. He had also established separate shopping centers in Delhi for (1) grain, (2) cloth, sugar, dried fruits, herbs, butter, and oil, (3) horses, slaves, and cattle, and (4) miscellaneous commodities. The supply of grain was ensured by collecting tax in kind in the production areas and keeping it in the royal storehouses. Hoardings of grain were forbidden. Elsewhere the growers were ordered to sell their grains for cash in their fields at fixed prices and were not allowed to take any grain home for private sale. The market controller, the state intelligence officer, and the Sultan's secret agents, each submitted independent reports on these shopping centers to the Sultan. Even a minor violation of the rules was not tolerated. The shopping center for cloth, known as the *sara-i-adl*, was established near one of the royal palaces on the inner side of the Bada-un-Gate. All goods, including foreign imports, were first taken there and their price fixed. Every merchant was registered with the commerce ministry and had to sign a bond guaranteeing a regular supply to the goods in which they traded. The Hindu Multani merchants were advanced money by the treasury to import rare commodities for the *sara-i-adl*, some price were subsidized. Costly fabrics and luxury goods could be sold only to

those who have obtained permits from the Government. The prices of cattle were also fixed and unscrupulous merchants were deprived of their trading rights. The shopping center for general commodities was under the direct control of the commerce ministry. Ala-ud-Din's Minister of commerce was also the Superintendent of weights and Measure and the Controller of the Commercial transactions. He was assisted by superintendent for each commodity. Prices and weight and measure were checked by sending the children employed in the royal pigeon-house to buy petty articles. The prices fixed for the Delhi market were also applied in the provincial capitals and towns. During the British regime (1765-1947), also known as the '*Colonial Era*', Government's economic policies in India were concerned more with protecting and promoting the British interests than with advancing the welfare of the native population. The administration's primary pre-occupation was with maintaining law and order, tax collection and defence. Accordingly much of the legalisation enacted during the British regime was primarily aimed at serving the colonial rulers instead of the natives. There were, however, some pieces of legislation which protected the overall public interest though not necessarily the consumer interest. Prominent among these were: the Indian Penal code, 1860, the Sale of Goods act, 1930, the dangerous drugs act, 1930 and the drugs and cosmetics act, 1940. In a sense, the sale of goods act, and the principles of the law of torts were more for the protection of the trader than the consumer.

CONSUMER PROTECTION AND CONSUMERISM IN INDIA

Plight of the Indian Consumer

The following factors make the plight of the Indian consumer miserable.

1. Consumerism in India is not well organized and developed.
2. Many products with which consumers in advanced countries are quite familiar are still new to a very large segment of the Indian consumers. The unfamiliarity of the consumers with product features makes the sale of substandard, inferior or even defective products easier in India than in advanced countries.
3. Due to low literacy levels and unsatisfactory information flows, the Indian consumers, by and large, are not conscious of all their rights. This encourages irresponsible and unscrupulous business attitudes and tactics.
4. Though there are a number of laws to safeguard the interests of consumers, they are not effectively implemented and enforced to achieve the objectives.
5. It has been said that the legal process in India is comparatively time-consuming and cumbersome. This discourages the consumers from seeking the redressal of their grievance by means of the judicial process.
6. Short supply of many goods and services, especially of essential items, is a very serious problem afflicting the Indian consumer. The demand-supply imbalance has produced all the

associated evils of profiteering, hoarding and black-marketing, corruption, nepotism, irresponsiveness and arrogance towards consumers. Although the situation has improved as a result of the increase in competition due to liberalization, it is still far from satisfactory.

The above factors are effective State intervention and consumerism to ensure the rights of consumers.

GOVERNMENT MEASURES:

In India, the Government has taken a number of measures to protect consumer interests. The various Government measures may be classified into (i) statutory regulation of private business, and (ii) development of the public sector.

Statutory Regulation: The government has enacted nearly 50 laws which can be interpreted in favour of consumer. Government of India has armed itself with a number of statutory weapons to control the production, supply, distribution, price and quality of a large number of goods and services. It is empowered to regulate the terms and conditions of sale, the nature of trade and commerce, etc. Some of such acts have been as follows.

Indian Contract Act, 1872

Essential Service Maintenance Act, 1968

Essential Commodities Act, 1955

Sale of Goods Act, 1930

Agricultural Produce Act, 1937

Industries Act, 1951

Prevention of Food Adulteration Act, 1954

Monopolies and Restrictive Trade Practices Act, 1969

Standard Weights and Measures Act, 1976

Bureau of Indian Standard Act, 1986

Environmental Protection Act, 1986

Consumer Protection Act, 1986

Growth of Public Sector: There had been a significant growth and expansion of the public sector in India. One of the most important objectives of the public sector was the enhancement of consumer welfare by increasing production, improving efficiency in production, improving efficiency in production and supply, making available goods and services at fair prices, curbing private monopolies and reducing market imperfections, improving the distribution system, and so on. The public sector, in fact, is expected to implement the societal marketing concept. There is, however, a general feeling that the public sector in India has still a long way to go to realize these objectives. It has established monopolies or near-monopolies in public utilities, whose performance is far from satisfactory.

CONCLUSION

Invariably, consumers are a vulnerable lot for exploitation, more so in a developing country with the prevalence of mass poverty and illiteracy. India too is no exception to it. Instances like overcharging, black marketing, adulteration, profiteering, lack of proper services in trains, telecommunication, water supply, airlines, etc are not uncommon here. From time to time, the government has attempted to safeguard consumer's interests through legislations and the CPA 1986 is considered as the most progressive statute for consumer protection. Procedural simplicity and speedy and inexpensive redressal of consumer grievances as contained in the CPA are really unique and have few parallels in the world. Implementation of the Act reveals that interests of consumers are better protected than ever before. However, consumer awareness through consumer education and actions by the government, consumer activists, and associations are needed the most to make consumer protection movement a success in the country.

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