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STUDY MATERIAL FOR BA ECONOMICS

CONSUMER RIGHTS AND AWARENESS

SEMESTER –I



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Prepared by

DEPARTMENT OF ECONOMICS



**STUDY MATERIAL FOR B.A ECONOMIC
CONSUMER RIGHTS AND AWARENESS
SEMESTER – I, ACADEMIC YEAR 2022-2023**



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Unit I: Consumerism

Consumer – Complainant – Consumer Dispute – Complaint - Restrictive Trade Practices –
Meaning of Consumerism - Objectives – Origin - Growth of Consumerism in India.

Unit II: Exploitation of Consumer and Consumer Rights

Meaning of exploitation – Various forms of exploitation: Underweight and under- measurement -
Sub-standard quality - High prices - Adulteration, Duplication, - Hoarding and artificial demand -
False and incomplete information - poor after sales service - not honoring terms and conditions.

Consumer Rights: Right to safety - Right to information - Right to choose - Right to be heard –
Right to seek redressal - Right to consumer education.

Unit III: Consumer Protection Act

Need for Consumer Protection- Legal Measures - Consumer Protection Act 1986 – Objectives - Salient
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Unit IV: Consumer Disputes Redressal Agencies

Consumer court - District Forum – State Commission – National Commission – Power of
Jurisdiction – Complaints – Manners – Procedure for complaint– Time Limit for filing an appeal –
Enforcement of Orders – Penalties under the Act.

Unit V: Consumer Organization

Meaning – Objectives – Requirements – Benefits – Voluntary Consumer Organization – IOCU
(International Organization of Consumer Union) - FEDCOT (Federation of Consumer
Organizations of Tamil Nadu).

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UNIT-I

Consumerism

What is Consumerism?

Consumerism is the theory that individuals who consume goods and services in large quantities will be better off. Some economists believe that consumer spending stimulates production and economic growth.

Consumerism is the idea that increasing the consumption of goods and services purchased in the market is always a desirable goal and that a person's wellbeing and happiness depend fundamentally on obtaining consumer goods and material possessions. In an economic sense, it is related to the predominantly Keynesian idea that consumer spending is the key driver of the economy and that encouraging consumers to spend is a major policy goal. From this point of view, consumerism is a positive phenomenon that fuels economic growth.

Who is called Consumer?

Any individual who purchases products or services for his personal use and not for manufacturing or resale is called a consumer. A consumer is one who is the decision-maker whether or not to buy an item at the store or someone who is influenced by advertisement and marketing.

What is a Complaint in Criminal Law?

A “criminal complaint” is a self-contained charge that sets forth the sufficient facts that, with reasonable inferences, allow a person to reasonably conclude that a crime was probably committed and that the suspect, defendant, is likely culpable.

What is meant by dispute in law?

A conflict or controversy; a conflict of claims or rights; an assertion of a right, claim, or demand on one side, met by contrary claims or allegations on the other.

Customer Dispute means, with respect to any Purchased Receivable, any cause for non-payment of such Purchased Receivable by Buyer for any reason, including, without limitation, deficiencies in the relevant Supplier’s actual or alleged performance, or any alleged defense, offset or counterclaim, act of God, war, civil strife, currency restriction, change in law or governmental policy or foreign political impediment.



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What is restrictive trade practice under Consumer Protection Act?

2(nnn) of the Consumer Protection Act, 1986, restrictive trade practice means a trade practice which tends to bring about manipulation of price or conditions of delivery or to affect flow of supplies in market relating to goods or services in such a manner as to impose on the consumers unjustified costs or restrictions ...

What are the objectives of consumerism?

Consumerism is the idea that increasing the consumption of goods and services purchased in the market is always a desirable goal and that a person's wellbeing and happiness depend fundamentally on obtaining consumer goods and material possessions.

ORIGIN OF CONSUMERISM:

Consumerism is a social and economic order that encourages the acquisition of goods and services in ever-increasing amounts. With the industrial revolution, but particularly in the 20th century, mass production led to overproduction—the supply of goods would grow beyond consumer demand, and so manufacturers turned to planned obsolescence and advertising to manipulate consumer spending. In 1899, a book on consumerism published by Thorstein Veblen, called *The Theory of the Leisure Class*, examined the widespread values and economic institutions emerging along with the widespread "leisure time" in the beginning of the 20th century. In it, Veblen "views the activities and spending habits of this leisure class in terms of conspicuous and vicarious consumption and waste. Both are related to the display of status and not to functionality or usefulness.

In economics, consumerism may refer to economic policies that emphasise consumption. In an abstract sense, it is the consideration that the free choice of consumers should strongly orient the choice by manufacturers of what is produced and how, and therefore orient the economic organization of a society (compare producerism, especially in the British sense of the term). Consumerism has been widely criticized by both individuals who choose other ways of participating in the economy (i.e. choosing simple living or slow living) but also by experts evaluating the effects of modern capitalism on the world. Experts often highlight the connection of consumerism with issues like the growth imperative and overconsumption which have larger impacts on the environment, including direct effects like overexploitation of natural resources or large amounts of waste from disposable goods, and larger effects like climate change. Similarly, some research and criticism focuses on the sociological effects of consumerism, such as reinforcement of class barriers and creation of inequalities.

Origins

The consumer society emerged in the late 17th century and intensified throughout the 18th century. While some^[which?] claim that change was propelled by the growing middle-class who embraced new ideas about luxury consumption and about the growing importance of fashion as an arbiter for purchasing rather than necessity, many critics argue that consumerism was a



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political and economic necessity for the reproduction of capitalist competition for markets and profits, while others point to the increasing political strength of international working-class organizations during a rapid increase in technological productivity and decline in necessary scarcity as a catalyst to develop a consumer culture based on therapeutic entertainments, home-ownership and debt. The "middle-class" view argues that this revolution encompassed the growth in construction of vast country estates specifically designed to cater for comfort and the increased availability of luxury goods aimed at a growing market. Such luxury goods included sugar, tobacco, tea and coffee; these were increasingly grown on vast plantations (historically by slave labour) in the Caribbean as demand steadily rose. In particular, sugar consumption in Britain during the course of the 18th century increased by a factor of 20.

Critics argue that colonialism did indeed help drive consumerism, but they would place the emphasis on the supply rather than the demand as the motivating factor. An increasing mass of exotic imports as well as domestic manufactures had to be consumed by the same number of people who had been consuming far less than was becoming necessary. Historically, the notion that high levels of consumption of consumer goods is the same thing as achieving success or even freedom did not precede large-scale capitalist production and colonial imports. That idea was produced later, more or less strategically, in order to intensify consumption domestically and to make resistant cultures more flexible to extend its reach.

Culture of consumption

The pattern of intensified consumption became particularly visible in the 17th century in London, where the gentry and prosperous merchants took up residence and promoted a culture of luxury and consumption that slowly extended across socio-economic boundaries. Marketplaces expanded as shopping centres, such as the New Exchange, opened in 1609 by Robert Cecil in the Strand. Shops started to become important as places for Londoners to meet and socialise and became popular destinations alongside the theatre. From 1660, Restoration London also saw the growth of luxury buildings as advertisements for social position, with speculative architects like Nicholas Barbon and Lionel Cranfield operating. This then-scandalous line of thought caused great controversy with the publication of the influential work *Fable of the Bees* in 1714, in which Bernard Mandeville argued that a country's prosperity ultimately lay in the self-interest of the consumer. The pottery entrepreneur and inventor, Josiah Wedgwood, noticed the way that aristocratic fashions, themselves subject to periodic changes in direction, slowly filtered down through different classes of society. He pioneered the use of marketing techniques to influence and manipulate the movement of prevailing tastes and preferences to cause the aristocracy to accept his goods; it was only a matter of time before the middle classes also rapidly bought up his goods. Other producers of a wide range of other products followed his example, and the spread and importance of consumption fashions became steadily more important. Since then, advertising has played a major role in fostering a consumerist society, marketing goods through various platforms in nearly all aspects of human life, and pushing the message that the potential customer's personal life requires some product



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Mass production

The Industrial Revolution dramatically increased the availability of consumer goods, although it was still primarily focused on the capital goods sector and industrial infrastructure (i.e., mining, steel, oil, transportation networks, communications networks, industrial cities, financial centers, etc.).^[20] The advent of the department store represented a paradigm shift in the experience of shopping. Customers could now buy an astonishing variety of goods, all in one place, and shopping became a popular leisure activity. While previously the norm had been the scarcity of resources, the industrial era created an unprecedented economic situation. For the first time in history, products were available in outstanding quantities, at outstandingly low prices, being thus available to virtually everyone in the industrialized West.

By the turn of the 20th century, the average worker in Western Europe or the United States still spent approximately 80–90% of their income on food and other necessities. What was needed to propel consumerism, was a system of mass production and consumption, exemplified by Henry Ford, an American car manufacturer. After observing the assembly lines in the meat packing industry, Frederick Winslow Taylor brought his theory of scientific management to the organization of the assembly line in other industries; this unleashed incredible productivity and reduced the costs of commodities produced on assembly lines around the world. Consumerism has long had intentional underpinnings, rather than just developing out of capitalism. As an example, Earnest Elmo Calkins noted to fellow advertising executives in 1932 that "consumer engineering must see to it that we use up the kind of goods we now merely use", while the domestic theorist Christine Frederick observed in 1929 that "the way to break the vicious deadlock of a low standard of living is to spend freely, and even waste creatively". The older term and concept of "conspicuous consumption" originated at the turn of the 20th century in the writings of sociologist and economist, Thorstein Veblen. The term describes an apparently irrational and confounding form of economic behaviour. Veblen's scathing proposal that this unnecessary consumption is a form of status display is made in darkly humorous observations like the following:

It is true of dress in even a higher degree than of most other items of consumption, that people will undergo a very considerable degree of privation in the comforts or the necessities of life in order to afford what is considered a decent amount of wasteful consumption; so that it is by no means an uncommon occurrence, in an inclement climate, for people to go ill clad in order to appear well dressed

The term "conspicuous consumption" spread to describe consumerism in the United States in the 1960s, but was soon linked to debates about media theory, culture jamming, and its corollary productivism.

By 1920 most Americans had experimented with occasional installment buying.



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In the 21st century **McDonald's and KFC restaurants in China** .Madeline Levine criticized what she saw as a large change in American culture – "a shift away from values of community, spirituality, and integrity, and toward competition, materialism and disconnection. Businesses have realized that wealthy consumers are the most attractive targets of marketing. The upper class's tastes, lifestyles, and preferences trickle down to become the standard for all consumers. The not-so-wealthy consumers can "purchase something new that will speak of their place in the tradition of affluence". A consumer can have the instant gratification of purchasing an expensive item to improve social status.

Emulation is also a core component of 21st century consumerism. As a general trend, regular consumers seek to emulate those who are above them in the social hierarchy. The poor strive to imitate the wealthy and the wealthy imitate celebrities and other icons. The celebrity endorsement of products can be seen as evidence of the desire of modern consumers to purchase products partly or solely to emulate people of higher social status. This purchasing behavior may co-exist in the mind of a consumer with an image of oneself as being an individualist.

Cultural capital, the intangible social value of goods, is not solely generated by cultural pollution. Subcultures also manipulate the value and prevalence of certain commodities through the process of bricolage. Bricolage is the process by which mainstream products are adopted and transformed by subcultures. These items develop a function and meaning that differs from their corporate producer's intent. In many cases, commodities that have undergone bricolage often develop political meanings. For example, Doc Martens, originally marketed as workers boots, gained popularity with the punk movement and AIDs activism groups and became symbols of an individual's place in that social group.^[28] When corporate America recognized the growing popularity of Doc Martens they underwent another change in cultural meaning through counter-bricolage. The widespread sale and marketing of Doc Martens brought the boots back into the mainstream. While corporate America reaped the ever-growing profits of the increasingly expensive boot and those modelled after its style, Doc Martens lost their original political association. Mainstream consumers used Doc Martens and similar items to create an "individualized" sense identity by appropriating statement items from subcultures they admired.

When consumerism is considered as a movement to improve rights and powers of buyers in relation to sellers, there are certain traditional rights and powers of sellers and buyers.

American Dream has long been associated with consumerism.^{[30][31]} According to Sierra Club's Dave Tilford, "With less than 5 percent of world population, the U.S. uses one-third of the world's paper, a quarter of the world's oil, 23 percent of the coal, 27 percent of the aluminium, and 19 percent of the copper. China is the world's fastest-growing consumer market. According to biologist Paul R. Ehrlich, "If everyone consumed resources at the US level, you will need another four or five Earths.



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Consumerism in India

Everything you need to know about the consumerism in India. Consumerism is defined as social force designed to protect consumer interests in the marketplace by organising consumer pressures on business.

Consumerism is a protest of consumers against unfair business practices and business injustices.

1. Meaning of Consumerism
2. Consumer Protection
3. Need for Consumer Protection
4. Consumer Responsibilities
5. Business Response to Consumerism
6. Consumerism in Marketing
7. Consumerism and Marketing
8. Management Response to Consumerism
9. Indian Scenario on Consumer Protection
10. Indian Consumer and Need for Consumer Protection.

Consumerism in India – Meaning

The term ‘consumerism’ was first coined by businessmen in the mid-1960s as they thought consumer movement as another “ism” like socialism and communism threatening capitalism.

Consumerism is defined as social force designed to protect consumer interests in the marketplace by organising consumer pressures on business. Consumerism is a protest of consumers against unfair business practices and business injustices.

It aims to remove those injustices, and eliminate those unfair marketing practices, e.g., misbranding, spurious products, unsafe products, planned obsolescence, adulteration, fictitious pricing, price collusion, deceptive packaging, false and misleading advertisements, defective warranties, hoarding, profiteering, black marketing, short weights and measures, etc.”

Consumer organisations could provide united and organised efforts to fight against unfair marketing practices and to secure consumer protection. The balance of power in the marketplace



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usually lies with the seller. Consumerism is society's attempt to redress this imbalance in the exchange transactions between sellers and buyers.

Consumerism challenges the very basis of the marketing concept. Can a free market economy based on competition respond to the rightful public demands? Is there an inherent defect in the market mechanism? Should that defect be corrected by political means, i.e., consumer legislation and Government regulations?

According to P. Drucker, consumerism challenges four important premises of the marketing concept- (1) It is assumed that consumers know their needs. (2) It is assumed that business really cares about those needs and knows exactly how to find about them. (3) It is assumed that business does provide useful information that precisely matches product to needs. (4) It is presumed that products and services really fulfil customer expectations as well as business promises.

Consumerism covers the following areas of consumer dissatisfaction and remedial efforts:

(1) Removal or reduction of discontent and dissatisfaction generated in the exchange relationships between buyers and sellers in the market. The marketing activities of the selling firms must ensure consumer satisfaction which is the core of marketing concept. Marketing practices and policies are the main targets of consumerism.

(2) Consumerism is interested in protecting consumers from any organisation with which there is an exchange relationship. Hence, consumer dissonance (post-purchase anxiety and doubt) and remedial effort can develop from consumers' relations not only with profit-seeking organisations but also with non-profit organisations, e.g., hospitals, schools, Government agencies, etc.

(3) Modern consumerism also takes keen interest in environmental matters affecting the quality of life.

Consumerism is the public demand both for refinement in marketing practices to make them more informative, more responsive, more sincere, more truthful and more efficient, and for a new concern with factors other than privately-consumed goods and services that determine the quality of life.

Often, the new growing interest for the good life translates itself into demand for more public goods and services such as better highways, more education, better airports, better transport, crime-free cities and better environmental conditions, conservation of natural resources and elimination of environmental pollution and so on. Thus, consumerism represents vital aspects of socially responsible marketing.

Consumerism in India – Consumer Protection: The idea of consumer supremacy and consumer sovereignty is definitely fallacious in a free market economy. In reality, consumer is not a king or queen. The manufacturer or the seller is dominant and his voice is all powerful. His



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interests normally prevail over the welfare of the consumer. The root-cause of consumer movement or consumerism is ‘consumer dissonance’, as it has been so nicely termed. Dissonance means after purchase doubts, dissatisfaction, disillusion, disappointment. These are the sentiments of all dethroned sovereigns. But the consumer protection (the core of consumerism) is essential for a healthy economy.

The apparatus of consumer protection alone can give necessary strength to consumers in the market and restore the balance in the buyer-seller relationship. Basically, consumers are demanding four ‘rights’ from the company- Safety of products, full and accurate information about products and services (without which some articles may not be usable and may produce sales-resistance), a choice and a voice (redress).

Growth of consumer movement was a proof that business had not been practising the marketing concept but merely paying it lip sympathy. Drucker revealed that consumerism is “product-oriented marketing.” Consumer protection or consumerism will be redundant if business sincerely practices marketing concept, viz. customer-oriented marketing philosophy.

Kotler is one of the few marketing theorists to see that consumerism is the ultimate expression of the marketing concept because it forces product managers and marketers to look at things from consumer’s point of view. In other words the pressure of consumer protection really presents opportunities not challenges which, if seized upon by the marketers, can provide additional strength to their marketing effort.

Marketers should realise that only satisfied customers are the best business assets and they should not spare any efforts in obtaining as many as possible. This is the underlying spirit of marketing concept and if such a policy is executed not only in letter but also in spirit, there is no reason to have any additional constraint like consumerism or legislation.

Consumerism in India –Need for Consumer Protection:

Consumer choice is influenced by mass advertising using highly developed arts of persuasion. The consumer typically cannot know whether drug preparations meet minimum standards of safety, quality and efficacy. He usually does not know whether one prepared food has more nutritional value than others; whether the performance of a product will in fact meet his needs and expectations; or whether the “large economy size” is really a bargain. Hence, we need consumer protection.

1. Physical protection of the consumer, for instance, protection against products that are unsafe or endanger health and welfare of consumer.
2. Protection of the consumer against deceptive and unfair trade practices. Consumer must have adequate rights and means of redress against business malpractices and frauds.
3. Ecological and environmental effects of chemical, fertiliser or refinery complexes will have to be seriously considered because they pollute water, air and food and endanger human life.



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Consumer wants due protection against all types of pollution; he wants enriched quality of life — a beautiful, healthy, and peaceful environment free from pollution.

4. Adequate protection of consumer public against the abuse of monopoly position and/or restrictive trade practices. Protection delayed is protection denied.

Greater and free competition in the market is of definite advantage to the consumer. Competition can reduce prices, enhance quality and stimulate innovation in product-mix and marketing-mix. Innovation means progress and progress means life, a prosperous life. Competition is the dispenser of justice to the consumer and producer.

Consumer seeks protection, advice and information when his rights are adversely affected. The shift from buyer beware to seller beware has increased the role of Government in promoting the consumer's right to safety, the right to be informed, the right to choose, the right to be heard, the right to redress and right to represent.

These consumer rights constitute Consumer Bill of Rights. In 1962, President John F. Kennedy, in his consumer message, summed up these rights of consumers and paved the way for organised consumerism in the U.S.A. and all over the world.

Consumerism in India-Consumer Responsibilities: The rights and responsibilities being the two faces of the same coin, the IOCU has also drafted certain consumer responsibilities which are as follows:

- (a) Critical Awareness- To be alert and questioning about the goods and services they use.
- (b) Action- To act on fair and just demands.
- (c) Social Responsibility- Consumers must be concerned about the impact of their consumption behaviour on other citizens, particularly on disadvantaged groups in the local, national or international community.
- (d) Environmental Awareness- To be sensitive about what their consumption of goods does to the environment and not waste scarce natural resources or pollute the earth.
- (e) Solidarity- To act together through the formulation of consumer groups which have the strength and influence to promote consumer interests.

Over the last twenty years, in fact, ever since the consumer forum under the Consumer Protection Act became functional, consumers have become aware about their rights and how these can be exercised. But, on the other hand, the Indian consumer does not want to observe and fulfill responsibilities.



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He is especially apathetic about his social responsibilities (e.g., indulging in conspicuous consumption of luxuries), environmental awareness (e.g., slave to the disposable culture) and consumer solidarity ('all I'm interested is in solving my own personal problem' syndrome).

What the Indian consumer fails to realise is that it is this very lack of solidarity that results in his large-scale exploitation. The more solidarity there is, less will be the need to approach consumer forum for redressal. Solidarity can lead to more representation on departmental bodies that can take care of various consumer problems. Solidarity can lead to policy changes benefiting consumers and much more. The prime concern of the consumer movement is to prevent or minimise consumers' exploitation and not maximise litigation.

In the present scenario, consumers' policy issues no longer remain national and local issues. With the Government opening its doors to international business interests, consumer issues too need to be studied and understood in the international context.

Third world countries have already suffered from the policy of 'dumping' of drugs banned in Europe and the West and are likely to suffer further from the effects of the transfer of obsolete or worn-out technologies into the countries. Consumer solidarity gains extreme importance at such a time.

The United Nations has adopted a set of general guidelines for consumer protection.

These cover seven areas:

1. Physical safety.
2. Promotion and protection of consumers' economic interests.
3. Standards for the safety and quality of consumer goods.
4. Distribution facilities for essential consumer goods and services.
5. Measures enabling consumers to obtain redress.
6. Education and information programmes.
7. Measures relating to specific areas (food, water and pharmaceuticals).

The purpose of these guidelines was well described by the United Nations Secretary General in his 1983 report — 'The draft guidelines represent an initial attempt to create an international framework within which national consumer protection policies and measures can be worked out. They are also intended to assist the international community in its consideration of the question of consumer protection policy and to further international co-operation in this field.'



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Consumerism Opportunities:

Consumerism is now an established, a vocal, and a well-organised force in the marketplace so that consumer complaints and grievances will be heard and redressed (set right). The only question is who will answer those complaints? And who will redress them? Business or Government?

If business ignores them or if business cannot or will not be accountable to the consumer, it is obvious that the only alternative is more and more consumer legislation and Government intervention to ensure justice and fair play to consumers. It means that indifference of business towards ever-growing consumer movement will amount to an open invitation or a blank cheque in favour of Government interference in the free market mechanism.

In other words, consumerism is a direct challenge to business to be met with squarely, if business wants freedom or survival in our economy.

Savvy marketers in India are fast recognising the value of adopting a positive attitude towards the new needs and wants of their consumers. Many of them have instituted “positive action programmes” in their organisations which anticipate and directly respond to consumer demands. This pro-consumerism is reflected in better quality products, better services, better warranties, better credit, clearly spelt out and strongly backed.

It is reflected in the trend to release more informative advertising that not only sells, but clearly and honestly tells the consumer what he, or she, is entitled to know about the product and its performance.

Consumers in India today increasingly expect value for money and quality in products and services. Marketers in India are gradually showing genuine interest in satisfying today's more sophisticated, more sceptical and more demanding consumers. They must bridge the gap between consumer expectations and business performance by adopting pro-consumerism marketing policy. This will benefit the business and economy as a whole.

If businessmen avoid subjecting themselves to self-regulation and voluntary restraint, society has a right to intervene through the people's Government to regulate their behaviour. In that contingency, authorities will be compelled to impose more and more controls and restrictions through legislation.

If businessmen had earlier shown the necessary foresight and followed effective, fair trade norms or practices, the need for enacting consumer legislations would not have arisen. Failure of business to adopt marketing strategies from consumer's viewpoint and develop consumer-oriented marketing concept is really responsible for the growth of consumerism and consequent legislation to provide consumer protection.



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Self-policing is far more effective and superior or advantageous than State-policing in the field of distribution. There are about 40 million people employed in the Indian distribution system alone. If constructive ties are forged between the Government and the business, through co-operation, both parties can understand each other's viewpoints and difficulties and our economy can assure distributive justice without controls and restrictions.

Business community must read the writing on the wall and take, without delay, appropriate steps to regulate its conduct and cultivate self-discipline and self-regulation in the larger national interests. Let it be noted that this is not merely for protecting the consumer interest but also to protect the interest of the business community itself.

In the current context of Indian marketing environment, business cannot hope to thrive or survive unless it wakes up, faces the realities and fulfils both its economic as well as its social obligations to the satisfaction of the consumer-public — the man in the street — or the community at large. For today businessmen can do their business only with public acceptability. Otherwise, they will have no business left to transact.

Consumerism in India – In Marketing

Areas of Basic Rights of Consumers:

Consumers have “rights” which are important for all marketers to appreciate. Recently the UK government has encouraged the development of a citizen's charter which includes a “Patient's charter” for the National Health Service, a passenger's charter for rail travellers, and various other customer-focused initiatives.

The real awakening of consumerism was in the USA. Before Nader's book, President Kennedy highlighted the obligation on an organisation owes to its customers in his “Consumer Bill of Rights”.

This encompassed four main areas that should be basic rights for all consumers:

- (1) The right to safety
- (2) The right to be informed
- (3) The right to choose
- (4) The right to be heard.

The idea of rights can be traced back to the “inalienable rights” included in the US Declaration of Independence by Thomas Jefferson. The marketing profession of today must be aware of



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these rights and combine them where possible in any marketing plans for products and services. They form a good framework for considerations.

(1) The Right to Safety:

When a purchase is made, the consumer has the right to expect that it is safe to use. The product should be able to perform as promised and should not have false or misleading guarantees. This “right” is in fact a minefield for the marketing profession. Products which were at one time regarded as safe for use or consumption have subsequently been found by modern research not to be so.

There was a time when cigarettes were regarded as not being harmful to health, sugar in foods was not highlighted in television advertising as being bad for teeth, and the public were advised to “go to work on an egg”- in retrospect, was it safe to do so? Other examples are to be found in the medical field, such as the Thalidomide drug which caused deformity to children born to mothers who took his prescribed drug.

Legislation which highlights “Products liability” has been introduced in several countries. This has forced suppliers to consider their responsibility. But should companies go further in a positive rather than a negative way? It could be said that this right will be closely linked to legislation and it is obvious that this right will be closely linked to legislation and it is obvious that marketers who fail to protect consumers do so at their peril.

(2) The Right to be informed:

The right to be informed has far-reaching consequences – it encompasses false or misleading advertising, insufficient information about ingredients in products, insufficient information on product use and operating instructions, and information which is deceptive about pricing or credit terms. But this adopts a negative approach. Avoiding trouble is not sufficient.

Any market should take advantage of every opportunity to communicate with consumers and to inform them about the benefits and features of the product offered. It should be no protection to claim that consumers fail to read instructions. Marketers must ensure fully effective communications between consumer and supplier.

But this ‘right’ determines that customers should be given adequate information in order to implement the next right-the right to choose.



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(3) The Right to Choose:

The consumer has the right to choose and, of course, marketing does try to influence that choice. But, in most western market's competition is encouraged and products should not confuse consumers.

As an example, it has been suggested that to make this right easier to attain, packaging should be changed so that similar products from different firms are packaged in exactly the same quantities, or at least use both metric and imperial weights/ measures and so make value comparisons easier for the customer.

In fact, Sainsbury provide this comparative information on shelf tickets, but Tesco do not. The unanswered question remains – Do consumers use this information in making choices, or do they use other criteria?

(4) The Right to be Heard:

The right of free speech is present in all western countries. However, do organisations listen to consumers? In a well-focused marketing organisation such feedback should be encouraged, and it should be treated as a key input for the future. This right allows consumers to express their views after a purchase, especially if it is not satisfactory. When anything goes wrong with a purchase the customer should expect that any complaint should be fairly and speedily dealt with.

Consumerism in India-Consumerism and Marketing: All consumer groups affect the marketing environment in which organisations operate. In addition, it should be realised that individual pressure groups are each 'marketing' their ideas, but this is not considered here. Pressure groups can be considered as one way of receiving feedback from consumers.

By working with such groups marketers can gain increased influence, and this can be reflected in additional exposure as the pressure groups can generate positive. PR for cooperative suppliers. Where it is an area of individual consumer taste, such as – beer, the Campaign for Real Ale successfully encouraged suppliers to meet demands.

So marketers need to work with organised consumer groups and understand the power of such groups in reflecting consumer attitudes and in shaping demand. The consumers of today can vote with their spending power.

There is a growing realisation that this is happening. Companies that recognise this and comply with such expectations hold a strong marketing advantage over their unaware competitors. In 1991 The Times reported –

'Stop drinking Nescafe for the sake of babies in Brazil', the General Synod (of the Church of England) told us this week. But as far as the Church the England's legislators are concerned, we



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may continue to enjoy Rowntree's' sweets, Eindus fish fingers and Cross & Blackwell soup-our babies may continue to sup breast milk substitutes.

Yet these are also products of the Nestle group, which, campaigners claim, promotes bottle feeding in third world countries, encouraging mothers to give up breast-feeding, and increasing the risk of disease. Nestle says that it is acting in accordance with a World Health Organisation code of 1981; the campaigners retort that it is breaching rules added to the code in 1986.

We chose not to target baby milk, because it seemed inappropriate to boycott a product that some child might genuinely need/ says Patti Rundall, the national coordinator of Baby Milk Action, the pressure group that inspired the motion passed by the synod. 'Nescafe is Nestle's highest profile brand, and the company can well afford to lose some of its market share without its affecting jobs.'

Campaigners do not necessarily measure effectiveness only in terms of policies reversed and products withdrawn. There is little doubt that numerically more boycotts fail than succeed, the magazine The Ethical Consumer said last year, adding – 'Even an "unsuccessful" boycott can be a useful campaigning tool.'

However, when the Avon cosmetics group announced in June 1989 that it was giving up animal-testing, a spokesman admitted that consumer boycotts had influenced the decision. A similar animal testing campaign against Boots. The Chemist, has been less successful. The campaign is directed at Boots shops, but its targets include drug-testing by Boots Pharmaceuticals.

The point is that Nestle are being made a target for consumer action aimed at their top selling product, even though the behaviour being attacked is taking place with another product (dried baby milk) in another country (Brazil).

Consumerism in India-Management Response to Consumerism: Ideally, consumerism represents a wonderful opportunity for the forward-looking, aggressive business management. Consumerism challenges marketers to be more informative, more effective, more truthful and more responsible. It imparts a new social dimension to the challenge to the marketer and the ideal against which he measures his own performance.

The ideal objective before every marketer is perfect match between the marketing effort and marketing opportunity so that we have guaranteed customer satisfaction and thereby assured profitability — the result of serving the demand. The basis of marketing concept is bending or adapting the supply to demand.

Indian marketing environment in the near future will demonstrate very keen competition among sellers and intense consumerism. In such a matured market all marketers will be obliged to adopt societal marketing concept. Now, we have also Consumer Protection Act.



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Consumerism suggests the prospects of new ways of competing for consumers' preferences — through better products (safer, more nutritious, less polluting, more durable, more reliable, easier to repair and maintain, and so on), better services (better trained travelling salesmen, regional customer-service centres), direct channels of communication between the company and its aggrieved customers (consumer representation or voice in decision-making), better customer information (informative labelling, credible advertising, personal selling, consumer guidance and education, truthful packaging), and the need to develop many entirely new products to conserve natural resources and to reduce pollution, and to permit recycling, when possible.

Many aspects of consumerism and environmental pollution may involve additional costs to marketers. For example, social costs of pollution may have to be absorbed by the business enterprises. These may be involved in the production, consumption and disposal of many products. But such costs also imply a profit opportunity for intelligent and smart marketers.

Since 1975, however, companies are making sincere efforts not only to identify and anticipate consumer problems and initiate constructive actions to solve those problems, but also to reorient their marketing ideology radically to suit the changing circumstances. Corporate managers now consider consumerism not as a threat or an obstacle but as a golden opportunity to establish mutually profitable exchange relationships.

Consumerism forced the business to build up marketing-mix around the consumer and not around the product. This has enlarged appreciably the scope and significance of marketing. Almost all are in complete agreement that the most important underlying cause of growth of consumerism and recognition of its importance was the general feeling that business must assume greater social responsibilities.

Enlightened and forward-looking companies are taking positive steps through the development of a comprehensive consumer-oriented marketing programme.

We may give a few illustrations:

1. Recognition of the natural problem of providing appliances which perform reliably.
2. An improved service organisation to offer service after sale.
3. 'Cool line' programme permitting customers with a complaint or problem to contact service consultants directly and a radically simplified warranty.
4. Stopping the sale of items whose contents have been deceptively reduced to avoid a price rise.
5. Marking the phosphate contents of soaps and detergents with shelf signs.
6. Shelf-dating programme for products, such as batteries.
7. Utilising discounting, open dating, unit pricing and nutritional information plans.



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8. Experimenting with tel-tags (informative labels) to improve the quality of point-of-sale information. Tel-tags help also the counter sales force.
9. Providing adequate and accurate information to consumers to enable them to have informed decisions.
10. Advertisers are undertaking consumer educational campaigns to fill up the information gap through special booklets with helpful details. Such a trend is always welcome.
11. Advertisers are slowly but steadily adopting norms of ethical advertising.
12. All external communications (not only media advertising but also product-label copy, warranties, guarantees, and so forth) are made as deception-free and informative as possible.

The examples of consumer-centred marketing programmes merely indicate that the modern business has ultimately realised the need of sound ethics (which alone is good business). Lip sympathy on consumerism will not do. Businessmen will now be judged by their actions. They will have to take due note of new expectations and moods of society and ensure fair trade practices.

Consumerism in India – Indian Scenario on Consumer Protection

Protection of consumers is necessary because an average consumer is less informed and less powerful than the seller. Both voluntary measures and law can be used to protect consumers.

Anyone who buys goods and avails services for his/her use is a consumer. Any user of such goods and services with the permission of the buyer is also a consumer. Government of India has enacted more than thirty laws to improve the lot of the consumers.

Some of these are — The Contract Act 1882, The Sale of Goods Act 1930, The Laws of Torts, The Essential Commodities Act 1955, The Prevention of Food Adulteration Act 1954, The Standards and Weights of Measures Act 1976, The Monopolies and Restrictive Trade Practices (MRTP) Act 1969, Agriculture Produce (Grading and Marketing) Act 1937 and the Consumer Protection Act 1986.

Despite the plethora of laws and rules, the status of consumers in India remains deplorable. There are several loopholes in many laws. The implementation of many laws has been tardy and faulty. The enforcement machinery is lethargic and corrupt.

Consumers are ignorant of the rights and remedies available to them under different laws. Even if a consumer is aware of these laws, he does not go to the courts due to complicated, time-consuming and expensive legal procedures.



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In the absence of strong consumer movement, legislation has failed to improve the lot of the consumers. Further, the various laws provide no direct relief to the consumer as the focus is on punishment to persons violating the laws.

The Consumer Protection Act, 1986 was enacted for better protection of consumers' interests. It provides effective safeguards to consumers against defective goods, unsatisfactory services, unfair trade practices and other forms of exploitation.

The law lays down a time frame for disposal of cases. It provides for simple, speedy and inexpensive redressal of grievances because no fee or other charges have to be incurred by a consumer. He can make a complaint on a simple paper without any legal or stamp paper.

Unlike other laws, which are punitive or preventive in nature, this law is compensatory in nature. It provides for three tier machinery consisting of the District Forum, State Commissions and National Commission.

The law also provides for formation of Consumer Protection Councils. These Councils are expected to promote the cause of consumer protection in every State of India through education.

It covers six consumer rights:

- (i) Right to safety,
- (ii) Right to be informed,
- (iii) Right to choose,
- (iv) Right to be heard,
- (v) Right to redress, and
- (vi) Right to consumer education.

After an amendment in 1993, the scope of the Act has been widened to include paid services like medical services rendered for a charge.

The Act applies to all goods and services unless specifically exempted by the Central Government. It covers all sectors whether private, public or cooperative. The provisions of this Act are in addition to and not in derogation of the provisions of any other Act.

State Commission is set up by the State Government and its jurisdiction is restricted to the boundaries of the State concerned.

- (i) The State Commission shall consist of a President, who either is or has been a Judge of a High Court, and two other members. All the three shall be appointed by the State Government.



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(ii) Only those complaints can be filed where the value of goods/services and compensation claimed is between Rupees twenty lakhs and one crore. Appeals against the orders of any District Forum can also be filed before the State Commission.

(iii) The State Commission, after being satisfied that the goods were defective, can issue an order directing the opposite party to either remove the defect or replace the goods or return the price paid or pay compensation to the consumer for loss or injury, etc.

Any person who is aggrieved by the order of the State Commission can appeal against such order to the National Commission within 30 days.

Consumerism in India

Indian Consumer and Need for Consumer Protection:

In marketing and economics, it is said consumer is the king. Consumers are supposed to direct and control all economic activities, but the reality is a far cry from this in India.

The reasons are many:

1. Some products, some of which are of strategic importance, are short in supply. Producers exploit the consumer as in the situation of excess demand, supplier and not the consumer becomes the king in the market. Trading in such products gives rise to black market and hoarding.
2. In certain products, even if there is no actual shortage, markets due to oligopoly (market with few sellers) and monopoly (market with one seller), create an artificial demand by restricting the output so that they are able to push up the price. Under such conditions, consumers often get products paying a high price for a low quality.
3. Ignorant and uneducated consumers. Lack of education has spilled its ill effect on every sphere of the society, including in consumption. Consumers are ignorant and uneducated about the market conditions and the availability of products. In such situations, the marketer has a tendency to exploit the consumer. The situation is really unfortunate when the so called educated people turn out to be ignorant consumers. In India, there are many such cases.
4. People are very scared of the legal procedures. People are apprehensive about Police and Courts. Many consumers, to avoid legal action, will not exercise their rights. People are unaware of the simple procedures under the Consumer Protection Act.
5. Last but not the least, India is a country of low and middle-class income people. Most of them struggle for their “bread and butter” and consider raising voice, against injustice towards them from the market or a government institution, a time-wasting activity, this needs an attitudinal change, and consumerism can go a long way in achieving such attitudinal change.



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All these points emphasise one aspect. There is a real need in our country to have a good and effective “Consumer Protection.” Such a protection will go a long way to build a healthy economy. A strong market is made up by strong supply and demand side. Consumer Protection, which is the core of consumerism alone, can give necessary strength to the demand side in the market, which is generally biased in favour of the supplier. To strike a balance in the buyer-seller relation, “consumer protection” plays an important role.

To have an effective consumer protection, a practical response on the part of three parties, viz., the business, the Government and the consumer, is essential. Firstly, the business, comprising the producers and all the elements of the distribution channels, all have to give due importance and regard to consumer rights.

The producer has an inescapable responsibility to ensure efficiency in production and quality of output. Producers are always tempted to charge “exploitative price” that should be resisted, especially when the product is of high importance and relatively low supply. In other words, if it is a seller’s market, a socially responsible producer should see that product reaches the consumer within a reasonable time and at a reasonable price, i.e., products should not be hoarded and black marketed.

As the veteran business executive of a multinational observes- “Restraint is best exercised voluntarily than through legislation, which will, otherwise, become inevitable. Advertising

agencies and marketing management have a very important role to play in this respect. By overplaying the claims, they will be cutting the very branch on which they are perched.”

Secondly, the Government has to come to the rescue of the “helpless” consumer by preventing him from being misled, duped, cheated and exploited. The motive of private gain tempts business to maximise income by socially undesirable trade practices. These are calls for Government intervention.

Statutory action, to protect the interests of consumers, has become quite common everywhere in the world. The most common example of Government’s intervention to protect consumer’s interest is the policy of price cycling in the case of house rent, kerosene, etc.

Thirdly, consumers themselves should accept consumerism as a means of asserting and enjoying their rights. This brings us to the next important issue in consumerism — “Consumer’s Rights.”



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Unit II

Exploitation of Consumer and Consumer Rights

What is the exploitation meaning?

Exploitation is the act of selfishly taking advantage of someone or a group of people in order to profit from them or otherwise benefit oneself. Exploitation is a noun form of the verb exploit, which commonly means to take advantage in such a way. The adjective form is exploitative, as in exploitative practices.

Forms of exploitation

- Sexual exploitation. This is when someone is deceived, coerced or forced to take part in sexual activity. ...
- Labour exploitation. ...
- Domestic servitude. ...
- Forced marriage. ...
- Forced criminality. ...
- Child soldiers. ...
- Organ harvesting.
- Underweight and Under-measurements: - The goods being sold in the market are sometimes not measured or weighed correctly.
- Sub-standard Quality: - The goods sold are sometimes of sub-standard quality. Selling of consumables beyond their expiry dates and supply of deficient or defective home appliances are generally the regular grievances of consumers.
- High Prices: - Very often the traders charge a price higher than the prescribed retail price.
- Duplicate Articles: - In the name of genuine parts or goods, fake or duplicate items are being sold to the consumers.
- Adulteration and Impurity: - In costly edible items, such as oil, ghee and spices, adulteration is made in order to earn higher profits. This causes heavy loss to the customers; they suffer from monetary loss as well as spoil their health.

What does *adulteration* mean?

- *Adulteration* is the act of making something impure or altering its original form by adding materials or elements that aren't usually part of it, especially inferior ones.
- It can also refer to a thing that has been altered in such a way, or the state that that thing is in after having been altered.



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- *Adulteration* is commonly used in the context of food preparation and manufacturing in reference to the contamination of food products with additives that make them impure in some way. There are laws against *adulteration*, especially when the ingredients added may be harmful to people's health.
- *Adulteration* is the noun form of the verb *adulterate*, meaning to make something impure by adding inferior materials or elements. Something that has been altered in such a way can be described as *adulterated*.
- Example: *They're starting to crack down on the widespread adulteration of milk and dairy products by testing them for additives.*

What is duplication example?

- If a deletion is a missing ingredient in the recipe, a duplication is an extra ingredient. One example of a rare genetic disorder of duplication is called Pallister Killian syndrome, where part of the #12 chromosome is duplicated.

What does hoarding mean in economics?

- Hoarding is the purchase and warehousing of large quantities of a commodity by a speculator with the intent of benefiting from future price increases. The term hoarding is most frequently applied to buying commodities, especially gold.

What is meant by artificial demand?

- Artificial demand constitutes demand for something that, in the absence of exposure to the vehicle of creating demand, would not exist. ... A demand is usually seen as artificial when it increases consumer utility very inefficiently; for example, a physician prescribing unnecessary surgeries would create artificial demand
- False information: means any written or verbal statement or representation of fact that is not true and that was made intentionally, knowingly or without having taken reasonable steps to ascertain whether or not the information was true.

What is incomplete example?

- 1. The definition of incomplete is something that is missing pieces or parts, or something that is not yet done. When you get a bed to put together and you are missing three screws and one leg, this is an example of the bed being incomplete.

What happens if someone doesn't honour a contract?

- The court can order the person who breached the contract to carry out whatever is remaining in the terms. The party that did not breach the contract can ask the court to have the contract cancelled and then sue the breaching party for restitution.



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The definition of Consumer right:

'The right to have information about the quality, potency, quantity, purity, price and standard of goods or services', as it may be the case, but the consumer is to be protected against any unfair practices of trade. It is very essential for the consumers to know these rights.

Consumer Rights as Per Consumer Protection Act 1986

Consumer Protection Act provides Consumer Rights to prevent consumers from fraud or specified unfair practices. These rights ensure that consumers can make better choices in the marketplace and get help with complaints.

1. Right to Safety:

- Meaning: Consumers has the right to be protected against products and services which are hazardous to health, life and property.
- The requirement from products and services: Quality, Quantity, Reliability and Performance should be assured in the products and services provided by sellers.
- Example: Electrical appliances without ISI mark may cause serious injuries. While offering iron into the market, the uses of iron should be mentioned with that product.

The other five Consumer Protection Rights are as follows:

2. Right to Get Information: This is an act to give for setting out the practical management of Right to information for citizens to acquire the data under control of public jurisdictions, in order to develop clarity and responsibility in the working of every public authority, the organisation of a central information Commission and State Information.

3. Right to Choose: The meaning of Right to Choose as per the Consumer Protection Act 1986 is 'the right to be assured, wherever possible, to have access to a variety of goods and services at competitive prices.

4. Right to be Heard: This right says that the complaints of customers should be understood by the seller. And it also allows them to be heard before the sessions and consumer panels. Right to be heard is one of the rights granted to consumers by the consumer protection act.

5. Right to Seek redressal: Right to seek redressal against illegal trade systems or unfair exploitation of consumers. It also involves the right to a reasonable settlement of the legitimate complaints of the consumer. They should be well aware of their rights and must execute them.

6. Right to Consumer Education: The right to obtain the knowledge and skill to be an acquainted consumer throughout life. Ignorance of consumers, especially of rural consumers, is chiefly



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accountable for their exploitation. They should be well aware of their rights and must execute them.

Importance of Consumer Protection:

- To shape Consumers- Indian customers are not well-organised, and vendors exploit them easily.
- Impart Market Information- Most of the consumer is clueless, and have no information about the product they are buying and this might cause them losses.
- Physical Safety- Some products are adulterated and can hamper consumer health. So, they need to be protected.
- Avert Monopoly- Irrespective of different restriction many organisations follow monopoly practice and consumers gets influenced and should be protected.
- Malpractices- Company pursues biased trade practices, and unlawful trade practices and this protection plays a crucial role.
- Misleading advertisement- Many enterprises, intentionally trick consumers through incorrect or deceptive advertisements. This act will shield consumers from getting exploited.
- Education Consumers about their Basic Rights- Most consumers ignore or do not know about their rights. The Consumer Protect Act educates them and secures their rights and interests.



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Unit III

Consumer Protection Act

Consumer protection is needed because of following:

1. We need physical protection of the consumer, for example protection against products that are unsafe or dangerous to his health and welfare.
2. Consumer want protection against deceptive and unfair trade and market practices.
3. Consumer's protection is needed against all types of pollution so that they can enjoy a healthy environment-free from water, air and food pollution.
4. Consumer protection is also needed against the abuse of monopolistic and restrictive trade practices. Protection delayed is protection denied.

Legal Protection to Consumers

Till the 1970s there was unchecked consumer mistreatment happening in India. Black marketing, monopolistic practices, adulteration of food were all commonplace. However, the consumer movement brought about a change in the scenario. The government too provided consumers legal protection through various laws and setting up of consumer court. Let us take a look.

Legal Protection to Consumers

To protect consumer on legal terms, Court of Law i.e. Consumer Court has laid down certain acts to protect the consumers on legal grounds. This Legal Protection keeps intact the right of the consumer which when acted will provide them justice against any dissatisfaction created by the sellers/business/manufacturer. This legal Indian framework by Consumer Court also consists of large number of regulations that are maintained strictly for the protection of consumers. Some of these regulations are followed as stated below –

Browse more Topics under Consumer Protection

- Intro & Importance of Consumer Protection
- Consumer Protection Act
- Consumer Rights/Responsibilities
- Consumer Organisations and NGOs



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Laws to Protect Consumers

The Consumer Protection Act, 1986 (COPRA)

- In this, it protects the right of the consumer and makes user aware of their rights.
- They have developed or formed three-tier system wherein there is District Forums, State Commission, and National Commission thus to protect the right of the consumer.

Indian Contract Act, 1972

- Consumer lay down the conditions in which the parties promise each other of the services to be provided and agree on certain terms. The contract is made that is binding on each other.
- Consumer protect the interest that the contract is not breached and in case if breached the remuneration to be provided.

The Sales of Good Act, 1930

- To ensure the consumer rights in case the goods offered to the consumer is not up to the standard which was promised and the false claim was made.

The Essential Commodities Act, 1955

- To keep track of the commodities which are essential and monitor their production and supply. Also keep a track of any hoarders, black marketers,

The Agricultural Produce (Grading and Marking) Act, 1937

- To implement the grading standard and hence monitoring the same whether standard checks are been done to issue the grading. In this, AGMARK is the standard introduced for agricultural goods.

The Prevention of Food Adulteration Act, 1954

- This act makes sure the purity of the food items and the health of the consumers which could be affected by the adulterated items.



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The Standards of Weights and Measures Act, 1976

- The Standards of Weights and Measures Act protects the right against the goods which is underweight or under measured.

The Trade Marks Act, 1999

- This act protects users from false marks which could mislead the consumer and hence cheat them in the ground of quality of the product.

The Competition Act, 2002

- The Competition Act replaced from the Monopolies and the Restrictive Trade Practices Act following to take action against the firms which use such practice which in turn affect the competition in the market.

The Bureau of Indian Standards Act, 1986

- The Bureau of Indian Standards Act ensures about the quality of the product to be used by the consumer and have introduced BIS Mark to certify the quality of the product and have set up grievance cell which can take complaints regarding the quality of the product.

Consumer Court

Consumer Courts are special courts set up by the Indian Judiciary to settle consumer grievances and entertain consumer problems. A special consumer court is set up to ensure that justice is done quickly and efficiently, without undue hardship to the complainant. Also, to handle the sheer number of cases, the consumer courts help lessen the burden on the judiciary system.

Another major advantage that the consumer court offers is that the whole process is fairly simple. One does not even need to hire a lawyer or any legal professional for the hearing if he thinks it is not required. Self-representation is possible in a consumer court. Right from submitting a complaint to the process of hearing all procedures are kept simple and uncomplicated.

Consumer Protection Act, 1986

The Consumer Protection Act, 1986 (COPRA) was an Act of the Parliament of India enacted to protect the interests of consumers in India. It was replaced by the Consumer Protection Act, 2019. It was made for the establishment of consumer councils and other authorities for the settlement of consumer's grievances and matters connected with it. The act was passed in



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Assembly in October 1986 and came into force on December 24, 1986. The statute on the right was made before this COPRA act.

Significance of the Act

This Act is regarded as the 'Magna Carta' in the field of consumer protection for checking unfair trade practices, 'defects in goods' and 'deficiencies in services' as far as India is concerned. It has led to the establishment of a widespread network of consumer forums and appellate courts all over India. It has significantly impacted how businesses approach consumers and have empowered consumers to a greater extent.^[1]

Consumer Protection Council

Consumer Protection Councils are established at the national, state and district level to increase consumer awareness.^[2]

Various Consumer Organisations

To increase the awareness of consumers, there are many consumer organisations and NGOs that have been established.

CONSUMER GUIDANCE SOCIETY OF INDIA (CGSI) was THE FIRST CONSUMER ORGANISATION ESTABLISHED IN INDIA IN 1966.

It was followed by many others such as

- (1) Consumer Education and Research Centre (Gujarat)
- (2) Bureau Of Indian Standards
- (3) Federation Of Consumer Organisation In Tamil Nadu
- (4) Mumbai Grahak Panchayat
- (5) Consumer Voice (New Delhi)
- (6) Legal Aid Society (Kolkata)
- (7) Akhil Bhartiya Grahak Panchayat
- (8) The Consumers Eye India.
- (9) United India Consumer's Association.



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UNIT IV

CONSUMER DISPUTES REDRESSAL AGENCIES

Consumer Disputes Redressal Agencies

- District Consumer Disputes Redressal Forum (DCDRF): Also known as the "District Forum" established by the State Government in each district of the State. The State Governments may establish more than one District Forum in a district. It is a district-level court that deals with cases valuing up to ₹2 million (US\$27,000).^[2]
- State Consumer Disputes Redressal Commission (SCDRC): Also known as the "State Commission" established by the State Government in the State. It is a state-level court that takes up cases valuing less than ₹10 million (US\$130,000)^[2]
- National Consumer Disputes Redressal Commission (NCDRC): Established by the Central Government. It deals with matters of more than 10 million.

Objectives of the central council

Objectives

The objectives of the Central Council is to promote and to protect the rights of the consumers such as:-

1. The right to be protected against the 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, as the case may be to protect the consumer against unfair trade practices;
3. The right to be assured, wherever possible, access to a variety of goods and services at competitive prices;
4. The right to be heard and to be assured that consumer's 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
6. The right to consumer education.

Jurisdiction/Three Tier System of Council Courts

Jurisdiction of District Forum Subject to the other provisions of this Act, the District Forum shall have jurisdiction to entertain complaints where the value of the goods or services and the compensation, if any, claimed does not exceed rupees one crore.



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1. A complaint shall be instituted in a District Forum within the local limits of whose jurisdiction: -
 - a) – the opposite party or each of the opposite parties, where there are more than one, at the time of the institution of the complaint, actually and voluntarily resides or carries on business or has a branch office or personally works for gain, or
 - b) – any of the opposite parties, where there are more than one, at the time of the institution of the complaint, actually and voluntarily resides, or carries on business or has a branch office, or personally works for gain, provided that in such case either the permission of the District Forum is given, or the opposite parties who do not reside, or carry-on business or have a branch office, or personally work for gain, as the case may be, acquiesce in such institution; or
 - c) – the cause of action, wholly or in part, arises.

Consumer courts do not have jurisdiction over matters where services or goods were bought for a commercial purpose.^[3]

Jurisdiction of State Commission

Subject to the other provisions of this Act, the State Commission shall have jurisdiction: -

- a) to entertain
 - i) complaints where the value of the goods or services and compensation, if any, claimed exceeds rupees one crore but does not exceed rupees ten crore; and
 - ii) appeals against the orders of any District Forum within the State; and
- b) to call for the records and pass appropriate orders in any consumer dispute

Jurisdiction of National Commission

- (a) to entertain—
 - (i) complaints where the value of the goods or services and compensation, if any, claimed exceeds rupees ten crore; and
 - (ii) appeals against the orders of any State mayor; and
- (b) to call for the records and pass appropriate orders in any consumer dispute which is pending before or has been decided by any State Commission. However, the Supreme Court of India has held that the jurisdiction of National Commission under Revision Jurisdiction is very limited and can only be exercised when State Commission exceeds its jurisdiction, fails to exercise its jurisdiction or there is material illegality in the order passed by State Commission.^[4]



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What are the main objective of Consumer Protection Act 1986?

The Consumer Protection Bill, 1986 seeks **to provide for better protection of the interests of consumers and for the purpose**, to make provision for the establishment of Consumer councils and other authorities for the settlement of consumer disputes and for matter connected therewith. (f) right to consumer education.

Features of the Consumer Protection Act, 1986

- The Act provides for establishing three tier consumer dispute redressal machinery at the national, state and district level. ...
- District Forum– Each and every district has a District Consumer Disputes Redressal forum. ...
- State Forum– Each and every state has a state forum.

What are the amendments made in Consumer Protection Act 1986?

In order to facilitate quick disposal of consumer cases, the government has proposed amendments to the Consumer Protection Act, 1986. Under the proposed amendments, **non compliance with the order of the consumer forums could attract a penalty**. It also has a provision facilitating online filing of complaints.

What is the meaning of Customer dispute?

Customer Dispute means all instances in which (a) a customer of a Borrower has rejected or returned the goods and such return or rejection has not been accepted by such Borrower as a valid return or rejection, or (b) a customer of a Borrower has otherwise affirmatively asserted grounds for non-payment of an Account, ...

Consumer Dispute Redressal Agencies

Consumer Dispute Redressal Agencies have been established at three different levels. ... It is also known as 'National Commission'. It is a National level Court that works for the whole country and entertains complaints where the value of the goods or services and compensation, if any, claimed, exceeds one crore.

What is Consumer court?

Consumer courts were established as Consumer Dispute Resolution Agencies and they deal with consumer disputes, conflicts and grievances. It is a forum where a consumer may file a case against a seller in the case where the consumer feels that he has been cheated or exploited by the seller.



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What is District Consumer Forum explain?

A district consumer forum, also known as the District Commission, is a consumer dispute redressal commission established by the State Government, by a notification, in each district of the state, under the section 28(1) of the Consumer Protection Act, 2019.

What is state consumer court?

State Consumer Disputes Redressal Commission (SCDRC): A court that works at the state level in cases where compensation claimed is between twenty lakh (₹2 million) and one crore. The State Commission has appellate jurisdiction over the District Forum.

How many members are there in state consumer commission?

Section 16 of the Consumer Protection Act lays down that a State Commission shall consist of a President and two Members. The President of the State Commission has to be a person who is or has been a judge of the High Court. The President of the State Commission may be given this staff.

What is the power of Jurisdiction?

jurisdiction, in law, the authority of a court to hear and determine cases. This authority is constitutionally based.

What is complaint and example?

The definition of a complaint is an expression of, or the cause of, pain, anger, discontent, regret or annoyance. An example of complaint is a statement about how poorly a certain shop runs its business. An example of complaint is a major fault in a chain restaurant. noun.

What is manner and example?

Manner is defined as the way of doing something or behaving. An example of manner is the way in which someone performs her job.

How do you write a complaints procedure?

A 5-step process for handling customer complaints

1. Step 1: Dig deeper by asking the right questions. ...
2. Step 2: Identify the type of customer you're dealing with. ...
3. Step 3: Respond to the customer quickly. ...
4. Step 4: Present a solution, and verify that the problem is solved. ...
5. Step 5: Log the complaint so you can track trends.



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What is the limitation period for filing a complaint?

51 of the Consumer Protection Act, 1986/2019 provides that First Appeal shall be filed within 30 days from the date of receipt of the order of the State Commission.

What happens with an enforcement order?

an 'enforcement order' - this means your ex-partner has to do between 40 and 200 hours of unpaid work. an 'order for compensation for financial loss' - this means your ex-partner has to pay back any money you've lost because they did not follow the order (for example if you missed a holiday)

What are the penalties under consumer protection act?

Imprisonment up to 7 years and a fine of up to 5 lakh rupees – in case of grievous hurt; Imprisonment of not less than 7 years, which may extend to life, and a fine of not less than 10 lakhs – in case of death of the consumer.

What do you mean by consumer organisation?

A consumer organisation/association is a membership-based non-governmental non-profit body created to promote the interests of consumers of goods and services, by disseminating information and lobbying for laws to protect consumers against producers or sellers, who may usually be better organised or have more resources ...



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UNIT V

CONSUMER ORGANISATION

What is the main objective of Consumer Organisation?

The main objective of the consumer organization is to protect the interest of the consumer.

EXPLAIN IOCU?

History

The organisation was first established in 1960 as the International Organisation of Consumers Unions (IOCU) by national consumer organisations who wanted to create cross-border campaigns and share knowledge.

IOCU was founded by Elizabeth Schadee, who would later chair the board of the Netherlands' Consumentenbond, and Caspar Brook, who was the first director of the United Kingdom's Consumers' Association. The two proposed an international conference to plan for consumer product testing organisations worldwide to work more closely together.^[1] The United States organization Consumers Union provided US\$10,000 at the request of Colston Warne to help fund the event.^[1]

In January 1960, these three organisations sponsored the First International Conference on Consumer Testing in The Hague.^[1] Thirty-four people representing seventeen consumer organisations in fourteen countries attended to discuss product testing and founding the International Organisation of Consumers Unions as an international organisation. Belgium's Association des Consommateurs and the Australian Consumers' Association joined the three conference sponsors as the five founding organisations who became the international organisation's initial council.^[1]

Membership

Consumers International has over 250 member organisations in 120 countries.^[2] These members are independent consumer organisations.

About two-thirds of member organisations are in economically developing countries, the other third in industrialised countries.

Consumers International also works with and hosts the Transatlantic Consumer Dialogue (TACD)^[3] a forum of US and EU consumer organisations that develops and agrees on consumer policy recommendations to the US government and European Union to promote the consumer interest in EU and US policy making – at its office in London.



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World Consumer Rights Day

On 15 March 1962 former US President John F. Kennedy said

Consumers by definition include us all. They are the largest economic group, affecting and affected by almost every public and private economic decision. Yet they are the only important group... whose views are often not heard.

Consumer rights activist Anwar Fazal working for Consumers International at the time, later proposed the observance of a 'World Consumer Rights Day' marking that date, and on 15 March 1983 consumer organisations started observing that date as an occasion to promote basic rights of consumers.

World Consumer Rights Day is an annual occasion for celebration and solidarity within the international consumer movement. Participants observe the day by promoting the basic rights of all consumers, demanding that those rights are respected and protected, and protesting about the market abuses and social injustices which undermine them.

World Consumer Rights Day is celebrated on 15 March every year. The theme for 2018 was Fairer Digital Market places. Consumers International is calling for: 1. Access to fair and secure internet as half of the world is still offline. 2. Action against scams and fraud. 3. Better general consumer protection online.

The Theme for 2019 was "Trusted Smart Products" which highlighted what the consumers needed from IoT products like smartphones and wearables. The theme for 2020 will be "The Sustainable Consumer" to spread awareness about environmental breakdown and global climate changes.

World Consumer Rights Day Theme

2013: Consumer Justice Now

2014: Fix Our Phone Rights! Theme: Consumer Justice Now!

2015: Helping consumers choose healthy diets

2016: Antibiotics off the menu

2017: Building a Digital World Consumers can Trust

2018: Making Digital Marketplaces Fairer

2019: Trusted smart products

2020: The Sustainable Consumer

2021: Tackling Plastic Pollution



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Campaigns, projects, and key issues

Consumers International seeks to achieve changes in government policy and corporate behavior, whilst raising awareness of consumer rights and responsibilities. Its campaigns often fall under the themes of consumer justice and protection, food policy, digital consumer rights, and sustainability. Consumers International has campaigned on issues like junk food marketing and unethical drug promotion, corporate social responsibility, and unethical or unsustainable behavior by corporations and governments.

In 1979, IOCU (which then became Consumers International) and other citizens' groups formed the International Baby Food Action Network (IBFAN) to eradicate the death and disease affecting millions of babies in economically developing countries as a result of consuming bottle-fed formula milk. After intense campaigning by IBFAN, including organizing consumer boycotts against the likes of Nestlé, whose subtle yet effective campaigns were undermining breastfeeding, the World Health Assembly of the World Health Organization, adopted the International Code of Marketing on Breast Milk Substitutes the first such code designed to control widespread marketing abuses by baby food companies.

In 1981, Consumers International co-founded the Health Action International (HAI), an informal network of some 120 consumer and public interest groups, HAI engaged in worldwide campaigns for the safe, rational and economic use of pharmaceuticals. At the 41st World Health Assembly in 1987, HAI organised a large lobby of delegates to urge stronger controls on advertising by the drugs industry.

Partners

Consumers International works closely with the International Organisation for Standardization to create Standards that provide solutions to global challenges.

It holds General Consultative Status to the United Nations Economic and Social Council. This is the highest status granted by the United Nations to non-governmental organizations, allowing them to participate in the work of the United Nations.

Offices

Consumers International has staff working in six areas of the world:

- London, CI Global Office
- Chile, Latin America and the Caribbean
- South Africa, Africa
- Malaysia, Asia Pacific
- Oman, Middle East
- India, South East



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Federation of Consumer Organizations of Tamil Nadu [FEDCOT]

The Federation of Consumer Organisations of Tamil Nadu and Pondicherry, well known by its acronym, FEDCOT, is a nation-wide non-governmental organisation that is voluntary non-profitable, non-political, civic-minded, secular and registered under Societies Act [Registration Number 227/90] to work for the promotion and development of consumers' interest and their welfare. Freedom fighter R.R.Thalavai was responsible for the founding of the organisation in 1990. It is an umbrella body of more than 350 registered consumer associations in Tamil Nadu and Pondicherry. FEDCOT is a consumer movement of the people, by the people and for the people. It is concerned with human values.

Mission of FEDCOT

FEDCOT acts as a research, training, education, awareness creating and advocacy group. It builds linkages and works in partnership with community-based organisations and grass-roots communities to strengthen their capacity and empower them to participate through initiatives in socio-economic accountable governance, sustainable agriculture, gender equalisation and ecological endeavours.

Objectives

- To promote a network of organisations working for consumer awareness and for the promotion of consumers interest.
- To strengthen the growth of the organised consumer movement in India.
- To resolve consumer issues and educate on the rights and responsibilities of consumers.
- To promote through the purchasing power of consumers a “need-oriented development” that will ensure socio- economic justice and environmental quality of life for all.
- To identify issues and to pool resources for campaign, lobbying and policy advocacy.
- To provide relevant and updated information.
- To maintain liaison with the governments at the Centre and the State.

Focus

FEDCOT's programmes are designed and implemented so as to train people as citizen – consumers, to develop and empower them at the community level through participating accountable governance, socio-economic, sustainable agriculture gender equality and environmental efforts, to facilitate access to, and management of, resources for people to develop their full potential and expand their choices in accordance with their needs and interests.