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## Consumer movement in India

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### Abstract

The International Organization of Consumer Unions, and international body had been campaigning for United Nations Organization (UNO) support for protection of consumers. The UNO constituted a Committee for feasibility study to decide the course of action. Based on the report submitted by the committee, the UN General Assembly adopted a resolution on the "Guidelines for Consumer Protection Act" on 9th April 1985. These guidelines recognized 8 rights though the Consumer Protection Act of India provides for 6 rights only.

**Keywords:** Consumer movement, United Nations organization

### Introduction

In the mid 50s Government of India appointed a Commission to survey the economic situation of the time and the survey may be called as the prelude to the enactment of MRTP Act (Monopolies and Restrictive Trade Practices Act). In the said report, the Commission also analysed the numerous difficulties consumers are required to confront with. But the Commission failed to execute the distinctive need for ameliorating the helpless conditions of consumers who were not even individually recognized to seek redressal of their grievances in the court of law before 1986. It was not that there was not act. There were as many as 37 Acts which dealt with consumer problems in one form or the other. Most of them were punitive and not compensatory in nature.

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In 1982, World Consumer Rights Day was first observed on March to commemorate the enactment of the rights in 1962. With the UNO's adoption of the guidelines, Consumer rights were finally elevated to the position of international recognition and legitimacy acknowledged by developing and developed countries (Shourie, 1990). India being a signatory to the UNO resolution finally enacted the Act known as Consumer Protection Act (CP Act) on 24th December 1986. The Act after its enactment however was not put in place. Ultimately it was taken to the Supreme Court by Sir H.D. Souri of Common Cause. On the Directions given by the Supreme Court the Act became operative in all the states in 1990 (Girimaji, 1994).

Consumer Protection Act, Popularly known as COPRA has been amended many a time but the amendments of 2002 are major and fundamental and have far reaching consequences on the consumer movement. The consumer courts such as District forum, State Commission and the National Commission have the power to grant interim injunction and are authorized to Recover amounts ordered to be paid by the Consumer Dispute Redressal Agencies as arrears of land revenues.

The average consumer in India is faced with inflation, black marketing, artificial shortages, adulteration, short weights misleading advertising etc. (Bawa, 1990)<sup>[7]</sup>. Lack of accountability of such public undertakings and apathetic response to consumer complaint add fuel to the fire. Lack of awareness on the part of consumer and lack of enlightened consumer organizations have helped the situation to deteriorate further.

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It is only in recent times that the educated public have become aware of their rights and are willing to fight against exploitation. This has given rise to numerous consumer organizations in India.

#### **Factors Encouraging Consumer Movement in India**

1. Rising prices of goods and services encouraged an attitude among consumers to expect better quality products.
2. Inflationary tendency made consumers more assertive and conscious of their spending habits.
3. The market place is flooded with a wide range of products.
4. Advertisement makes product more complex and creates and expectation by better performance of products.
5. Rising income
6. Spread of Education & awareness.
7. By enactment of Consumer Protection Act, I 986.

The eighties can be termed as the beginning of consumerism Seminars, symposia, legislative amendments, write ups, consumer protection day celebrations, court cases, lectures and the protest by voluntary organizations were made their presence in eighties mostly in urban areas. The voice of consumers has found place in various publications. Many writers have written books containing the legal framework available in the country.

Although many consumer organizations confined themselves to urban areas of the country, it is not far off that the consumerism reach the rural areas too. Now many voluntary associations have already made their reach in remote areas. Though few in number, the Associations are also active in the places like, Andaman & Nicobar Islands, Tripura, Assam, etc. Given this development, consumerism will gradually be a major challenge facing the business and industry.

#### **Need for the consumer movement in India**

The need for consumer protection in India is felt on the following grounds (Bawa, 1990) <sup>[7]</sup>

1. In a vast country like India, it is very difficult to organize the consumers as the people being backward have linguistic, cultural and religious differences.
2. Majority of the Indian population is uneducated, ignorant and ill- informed.
3. (iii) Poverty, lack of social awareness, complacent and passive outlook are some of the factors which make consumer movement difficult to thrive.
4. In the wake of large scale production and the variety of choice conferred on the consumers, a consumer needs guidance which can aptly be provided by a consumer organization.
5. The advertisements bombard on the consumers create more confusion necessitating consumer guidance.
6. The deceitful seller does not give a consumer this money's worth. The goods which are substandard, defective, inferior in performance and with high price are passed onto him. the unfair trade practices like hoarding and black marketing on the part of the sellers is a common sight in the Indian business scenario. This is a case of clear consumer exploitation.

#### **Reasons for Low level of Consumer Movement in India**

The consumer movement in India was totally absent in the past and going at a snail's pace for a number of reasons (Satya Sunderam, 1985) <sup>[9]</sup>.

**Poverty:** Since a large number of people in India live below the poverty line, therefore, they are unable to exercise their rights as consumers. They are always at the mercy of the producers and sellers owing to their low purchasing power.

**Malnutrition:** Hunger does not differentiate between good and bad, adulterated or unadulterated food. People accept what they get without protest. The malnourished has no time to look at the things and examine before consuming them. Malnutrition forces and individual to grab and eat whatever is available.

**Indifference of the affluent and literate:** Few affluent in the country fulfill their need through the power of money. It is they who should think of their social responsibilities and lead the movement. Instead, the affluent class utilises their money power to exploit the situation by turning a blind eye to all the malpractices of the producers and sellers. Perhaps this affluent class themselves happen to be the producers and sellers. It does not, therefore, effect them directly, whether trade practices are fair or unfair.

**Poor organization of consumers:** The first formal consumer movement was started only in late forties. However, it took more than two decades to organize voluntary consumer groups working for the basic rights of the consumers. Even these organization were concerned only with the local problems, and that too, with limited participation of general public. Therefore, they were unable to tackle problems on a national level. The number of people who actually participate in consumer activities, is very negligible. Lack of organized consumer action itself was a major cause for a low level consumer movement in India.

**Poor implementation of law:** India leads the world in the number of laws it has enacted to protect the consumers. The laws for consumer protection include air, water and noise pollution, environment, quality standards, drug control, essential commodities, weights and measures, food adulteration, etc. But their implementation is very poor. This is caused due to the flaws seen in law, and lack of co-ordination at different levels in the implementation machinery. Above all, consumers themselves are not aware of the existing laws because of illiteracy and ignorance.

#### **A Brief Review of Consumer Movement in India**

The first formal consumer movement was started in 1949 by a Gandhian in Madras (now called Chennai). Sometimes later, a Consumer Protection Council was established in Madras under the patronage of Shri C. Rajagopalachari. The work of this council was confined only to the people of Tamil Nadu. In 1956, nine housewives and social workers combined together to form the Consumer Guidance Society of India (CGSI) in Bombay. It was not until the late sixties that voluntary groups started working for the basic rights of the consumers. As a results, such groups started sprouting in various parts of India (Sahoo, 1991).

In 1977, the Indian Consumers Union was registered in New Delhi, with the main aim of fighting against the spiralling prices of essential commodities. In 1979, the consumer Education and Research Centre (CERC) was set up in Ahmedabad. In the meantime, a number of Acts were promulgated by the Government of India to protect the interest of the consumers. Among these, the notable one was the Consumer Protection Act, 1986 (COPRA). This act

provided for the establishment of consumer protection council at the state and central levels, for promoting and protecting the rights of consumers. It also provided for redressal agencies at the District, State and Central levels for the speedy redressal of consumer complaints and grievances. However, enactment of COPRA is a milestone in the history of consumer movement in India.

Today there are a number of voluntary organizations operating in different parts of India with varying degree of success. Since 1970, attempts have been made to unite the efforts of voluntary organizations through formation of consumer federation groups throughout the country (Kumar, 1989).<sup>[10]</sup> National Conventions were organized by states who were active in this regard. During the second National Convention held in New Delhi in 1991, Confederation of Indian Consumers Organizations (CICO) was formed. Thus, it was for the first time that most of the consumer organizations all over the country joined together to form a National Consumer Organization. CICO has now 135 members from different states and has mustered enough consumer power to influence the government to act in favour of consumers. With more and more consumer organizations combined together to form larger confederation, it is hoped that the consumer movement in India will gather momentum to solve problems of consumers. This would also in turn see the manufactures emphasizing more on consumer satisfaction for the sale of their products.

The Importance of having consumer satisfaction has started percolating to big organizations and is already gaining ground. Large business organizations have started opening consumer affairs and public relations departments. For example, Bajaj Electrical, State Bank of India, Indian Gas, Indian Oil, HP. Commercial Bank, LIC etc. and many others have started conferences of their consumer in order to deal with their complaints amicably and expeditiously.

#### **Important Measures taken to strengthen the Consumer Forums**

Being the nodal department in the field of consumer protection, the department of Consumer Affairs gives a very high priority for monitoring the functioning of the consumer forums popularly known as Consumer Courts. Following are some of the important steps taken by the Central Government.

- Department of Consumer Affairs is periodically taking up with the State Governments and UT Administrations, at the level of Chief Ministers, Minister in-charge of Consumer Affairs/Chief Secretaries /Secretaries dealing with Consumer Affairs, the question of strengthening the functioning of the consumer courts by providing adequate infrastructure and to fill up the vacancies of Presidents/Members on time. Review meetings with States /UTs along with the Registrars of the National and State Commissions were taken in batches during August-September, 2003.
- Functioning of the consumer courts was reviewed in the last meetings of the Central Consumer Protection Council held on 24.03.2003 and 16.07.2003 chaired by the Minister.
- Consequent upon the last National Development Council (NDC) meetings, Planning Commission has identified and included "Consumer Awareness and Redressal and Enforcement of Consumer Protection Act, 1986, as one of the items of priority agenda for action, among others, for the year 2003-2004. The Planning Commission was therefore, approached to provide funds Rs. 280 crores for

consumer protection and also to revise the estimates for 2003-2004, as otherwise it would not be possible for the Department to initiate/formulate meaningful workable schemes for generating consumer awareness and strengthen the consumer protection activities /machineries nationwide with meagre budget of Rs. 3.10 crores per annum in the Plan.

- Parliamentary Standing Committee on Food, Civil Supplies and Public Distribution in its 22nd Report also reviewed the functioning of consumer forums and expressed concern over the disposal of cases.
- Department of Consumer Affairs has been arranging training for non-judicial members of the consumer courts at the Indian Institute of Public Administration, New Delhi. 939 members have been trained so far in 39 training programmes. In addition, first course for the Presidents of the District Forums was also conducted during the year in which 28 members participated.
- The Central Government with the approval of Planning Commission, Provided as a one time financial assistance of Rs. 61.80 crores in four installments in the year 2001 to 2005 to the States/UTs to supplement their efforts for strengthening the infrastructure and other facilities of consumer forums.
- Periodical reports on the functioning of consumer courts, pendency position, the progress on filling vacancies and utilization of one time assistance scheme are being obtained to review the overall position of the functioning of the consumer courts and to take it up with the States for appropriate action.
- 6 Posts, including a post of Joint Registrar, were created in January, 2003 in the National Commission for meeting the requirements of Section 24B of the Consumer Protection Act, 1986 to enable them to effectively monitor the working of the consumer forums.
- Additional Bench was set up in National Commission on 24 September, 2003.

#### **Consumer Protection Programmes taken by the Government for Consumer Awareness**

- "To make the consumer Protection Act 1986 more effective and functional the consumers Protection (Amendment) Act, 2002 (62 of 2002) was passed in December, 2002. The Provisions of the Act have been brought in force w.e.f. March, 2003."
- The Department has been undertaking various multi-media programmes to generate consumer awareness involving the States, Voluntary Consumer Organizations, Trade Bodies, AIR and Doordarshan etc. in observing the National Consumer Day on 24th December and World Consumer Rights Day on March.
- The frequency of the 'Jago Grahak Jago' radio programme has been increased with the starting of an additional programme from December, 2003. The episodes for second broadcast are to be made mainly on the welfare schemes and activities for the benefit of consumer at large, particular primary, upper-primary and secondary level students of schools.

#### **Consumer Welfare fund**

- In 1991, the Central Government amended the Central Excise and Slat Act, 1944 to create the Consumer Welfare Fund. The Fund has been set up by the Department of Revenue and is being operated by the

Department of Consumers Affairs. The money which is not refunded to manufacturers is credited to the Fund. The main objective of the Fund is to provide financial assistance for promoting and protecting the welfare of consumers, generating consumer awareness and strengthening the consumer movement in the country particularly in rural areas. So far, a sum of about Rs. 76 crores has been credited to the Fund. The Standing Committee constituted under the Consumer Welfare Fund Rules has cleared 620 proposals in 35 meetings held till October, 2003 involving a financial assistance of Rs. 998 crores.

- A new scheme on Consumer Clubs has been introduced in order to give impetus to the consumer movement at children level by involving them in various consumer welfare and consumer protection activities. Under the scheme financial support at the rate of Rs. 10,000/- per annum would be granted to each Consumer Club. The best Consumer Club would be awarded cash prize.
- Beside the above, the Government of India has instituted "Swami Vivekananda National Awards on Consumer Protection" for the work of voluntary organization particularly women organizations and "Jagriti Shivir Yojna" for creating awareness amongst the below poverty line categories of

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