

Critical Study on Malpractices & Unfair Trade Practices and Consumerism in India

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ABSTRACT

Consumerism is the idea which increases the consumption of goods and services purchased in the market, have desirable goal and that a person's wellbeing and happiness depend fundamentally on obtaining consumer goods and material possessions. In an economic aspect, it is related to the Keynesian idea that consumer spending is the key driver of the economy which encourage consumers to spend is a major policy goal. As per this view, consumerism is a positive phenomenon that fuels economic growth. This paper reflects critical study on Malpractices & Unfair trade practices and consumerism in India.

1. Malpractices and Unfair Trade Practices:

Wholesalers and retailers in India are currently doing tie-up selling, force selling, hoarding, profiteering, and black marketing. These are methods of selling things at considerably higher prices than the current market selling prices by creating inelastic shortages of the commodities. That is to say, they are willing to sell at any price. People who want to make quick money use these kind of exploitative selling strategies. Airline, rail, and cinema tickets, as well as imported items smuggled into the country because clients will pay anything, are examples of goods offered on the black market. Most consumers cannot afford high costs, but those who can prefer to pay them in order to avoid -wasting time and energy in lines for tickets, for example.

Hoarding is a type of selling that includes intentionally creating goods shortages in the market. Once a shortage has been created, merchants will offer little quantities of the goods at double (or even greater) costs. In general, we see a price level that fluctuates with an upward inclination. Artificial manipulation of demand, supply, or both is frequent in India in order to achieve maximum profits. Manufacturers and merchants are exclusively concerned with profit maximization, not with productivity, growth, or equitable distribution.

2. Misleading Advertisements:

Manufacturers' misleading or fraudulent advertising also misallocates revenues from the business to entice consumers to acquire things that may or may not meet their needs. As a result, dishonest or misleading advertising erodes the consumer's trust in manufacturers, perhaps leading to psychological transformation.

The trend in advertising is to construct a fake image of the product in the consumer's mind rather than provide appropriate and correct information. In this case, products cannot be put to tests to determine whether they are true or false.

3. Environmental Pollution:

With significant technological advancements, our environment is constantly polluted by many sources, putting human and other living species' lives in jeopardy.

Noise from various vehicles, smoke and pollutants released by autos, factories, power plants, and other sources

contribute to air pollution. The effluents discharged by manufacturers in rivers, lakes, and ponds poison the water. Pesticides employed by farmers have contaminated a wide range of agricultural items, including vegetables, fruits, grains, and pulses. Aside from that, animal items such as meat, milk, eggs, and fish have all been discovered to contain pesticide levels that exceed the safe limits.

4. Factors encouraging consumer movement in India:

The notion that the customer is the market's King is no longer valid; instead, he is a pawn in the hands of businesspeople. This is a primary driving force behind the consumer movement, particularly in India. Consumers no longer follow the "Caveat Emptor" doctrine, which means "Let the buyer beware." They proposed the "Caveat Venditor" doctrine, which means "Let the seller beware." This type of consumer mindset is lauded, and it has just acquired court support. The consumer movement is building up steam as a result of the many ways in which customers are handled in terms of price, quality, and safety, among other things, and has the motivation to move even farther as a result of the actions of numerous forces.

Figure 1.1 shows these elements.

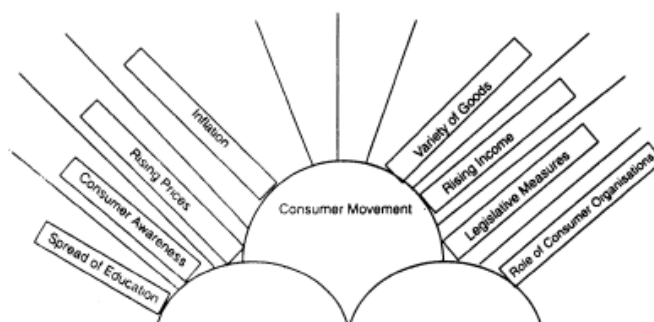


Fig. 1.1 -Factors Encouraging Consumer Movement in India

1. SPREAD OF EDUCATION: In India, attempts are being made to enhance the literacy level of its residents, as seen by the increasing number of educational institutions opening around the country. Efforts are also being made to educate individuals in distant areas of the country. People with a higher level

of education are more aware of their rights and have more confidence in their ability to fight for them.

2.

2. CONSUMER AWARENESS: In the past, Indian customers had a passive approach toward their exploitation issues. He used to be an easy target for dishonest traders in the country, but that no longer holds true. Citizens' educational levels are rising, and consumers are becoming more aware of their options. When confronted with unfairness in his economic transactions, the modern consumer is more conscious of his rights and is more willing to fight for them.

3. RISING PRICES: There is a broad trend toward price increases. When a buyer pays more for a product, he expects it to be of higher quality, and when superior products aren't available, he becomes dissatisfied. When customers pay a higher price, they become more demanding and unwilling to compromise on product quality.

4. INFLATION: The value of money has decreased in recent years. Even families with a larger income find it challenging to meet all of their wants due to the increased difficulty of purchasing due to inflation. High production expenses were one of the reasons behind the high prices. However, there was no discernible change in product quality. The government's attempts have failed to keep rising costs under control, and as a result, inflation rates have risen. As a result, consumers' efforts are increasingly focused not only on combating unfair trade practices, but also on demanding high-quality items at fair pricing.

5. VARIETY IN GOODS: When a consumer encounters variety in the market, he has the opportunity to make a decision. However, because the same products are manufactured by a number of manufacturers under several brand names, the variety of products has increased the complexity of the products. Increased advertising has resulted from the variety of items available. The vast product diversity, combined with various persuasion aspects, is perplexing the average person while making a decision. As science and technology progress, manufacturers can make a wider range of products, necessitating greater customer assistance.

6. RISING INCOME: With each increase in the Wholesale Price Index, the government is responsible for providing a raise in the salaries of its employees in the form of a dearness allowance. To compensate for the rise in prices, the amount of dearness allowance has been increased. Similarly, private companies compensate their staff to some extent, if not at the same level as public companies. More citizens are pursuing higher education in fields such as management, technology, and engineering. Job prospects for these qualified individuals have expanded dramatically, and they are being offered larger emoluments. Overall, consumer income in India has increased significantly. With such favourable conditions, the Indian customer now has more purchasing power and is more confident in their product selection.

7. LEGISLATIVE MEASURES: The Consumer Protection Act of 1986 was a watershed moment in the consumer movement.

Other enactments (listed in Chapter 3) have been adopted to protect the interests of consumers in addition to this Act. Other actions have been taken by the government to safeguard consumers from unfair trade practices. Consumers have specific rights under the Consumer Protection Act. Any infringement on these rights can be contested in the relevant venues. The customer can file a complaint and receive compensation in the fastest period possible. The proceedings of these forums are widely publicised, and an increasing number of customers are turning to these legal provisions to solve their problems.

8. ROLE OF CONSUMER ORGANISATIONS: The number of consumer organisations has risen steadily since the 1960s. In India today, there are over 500 voluntary organisations working for the welfare of consumers. These consumer organisations' job is to not only educate and guide customers in regard to complaint resolution, but also to make the consumer movement a reality by coordinated efforts from all perspectives.

9. RIGHTS OF CONSUMERS: The Consumer Rights Charter was created to assist a human being to attain social fairness and economic quality: it aims to correct inequalities and conflicts between individuals. The individual versus the state, the buyer versus the vendor, and so on are examples of lit. The charter is for the entire world community to oppose exploitation and achieve a better and just society, not simply for the consumer fighting for his rights against any one state or merchant.

In his Special Message to the Congress on Consumer Protection on March 15, 1962, John F. Kennedy, the then President of the United States of America, recognised and outlined the basic rights of consumers for the first time.

'Consumers are the most powerful segment in the economy, influencing and being influenced by practically every public and private economic action,' he said. He began by declaring four fundamental rights.

5. Available to Consumers:

- The right to safety
- The right to choose
- The right to be heard
- The right to be informed.

This speech was a triumph, a watershed moment, and an acceptance of the legitimacy of consumer demands.

The Consumer Protection Act of 1986 was recently amended in India to incorporate the following two additional rights.

1. Right to seek redressal.
2. Right to Consumer Education

As per the Consumer Protection Act, 1986, the consumer has Right to

1. SAFETY - which refers to the right to be protected from the marketing of items that endanger life and property.
2. BE INFORMED - To protect consumers from unfair trade practices, consumers have the right to be informed about the quality, quantity, potency, purity, standard, and price of goods.

3. CHOOSE I which refers to the right to be ensured, as far as practicable, of access to a diverse range of goods at reasonable prices.
4. BE HEARD - This means that the interests of consumers will be taken into account in suitable forums.
5. SEEK REDRESSAL - This refers to the right to seek recourse for unfair trade practices or consumer abuse.
6. CONSUMER EDUCATION - This refers to the right to acquire the knowledge and skills necessary to be a well-informed consumer.

6. Meaning of Consumerism:

People's expectations were not met by the products. People will tolerate a difference between what they expect and what they get if expected and actual pleasure are pretty near. The gap between what people want and what they hope becomes unacceptable when real satisfaction falls drastically. People's protests are most likely to occur at this point, followed by a revolution, especially consumerism.

Although the consumer protection movement is known as consumerism, the term is defined differently depending on who is doing the defining. Consumerism is an example of a popular movement. It is not a political movement, but a movement of people's daily lives. Although sometimes severe stances or steps have been taken, it began in the context of modest democracy. The issue is 'poor among affluence,' not 'poverty amid poverty.' Because major businesses' monopolies created a sense of unity among the consumer class, business became a target of consumerism.

Consumerism is a social movement that stems from consumer irritation, dissatisfaction, and resentment. Consumption is a movement that aims to make their rupee more valuable. Concerned citizens, often with government help, organise consumer movements to safeguard and promote the rights of buyers in relation to sellers and consumers in connection to producers.

Consumer movement refers to the actions of individuals and organisations (consumer as buyer, government as market regulator, and business as producer, distributor, or seller of goods and services) in response to consumer dissatisfaction arising from the exchange relationship, i.e. consumers and producers relationship, in which there has been a strong mutuality on the market.

It is, in a very real sense, people's and organisations' responses to customer unhappiness. Consumer actions aren't the only ones involved. Government and business are both active in developing and implementing technologies that are part of today's consumerism.

Consumerism is a societal force inside socioeconomic and political systems in the twentieth century! Through legal, moral, social, and economic measures, the environment is aimed to preserve basic rights, aid and advise consumers against company abuse.

7. Various thinkers have understood consumerism as given below:

Consumerism, according to P.Kotler, is a social movement aimed at enhancing the rights and privileges of consumers in relation to sellers.

'Consumerism is concerned with safeguarding customers from any organisations with whom there is an exchange connection,' according to McMillan Dictionary. It encompasses a range of government, business, non-governmental organisations, and concerned consumers initiatives aimed at safeguarding consumer rights.

"Consumerism is a wide spectrum of efforts to safeguard persons from business malpractices that impinge on their rights as consumers and to place buyers on parity with sellers," according to H.C. Chaudhary.

"The consumer movement is a broad public reaction to bureaucratic negligence and corporate contempt for the public," Senator Charles Percy explains.

"Consumerism is a phenomena of group awakening that ushered in a social movement to combat injustice and seek a fair deal in the exchange process," writes A. Fazal.

Consumerism, according to P. Drucker, challenges four key principles of the marketing philosophy.

- (i) Customers are aware of their requirements.
- (ii) Business is concerned about needs and knows how to identify them.
- (iii) Businesses provide relevant product information.
- (iv) The products and services deliver on both customer expectations and corporate promises.

Consumer dissatisfaction, according to Subhash C. Mehta et al, is the offshoot of marketing notion. Furthermore, the marketing notion and forces associated with consumption are mutually exclusive. Rather than being the outcome of a flaw in the marketing concept, consumerism is the result of its abuse.

Consumerism is a movement or policies aimed at regulating the products and services, methods and standards of manufacturers, sellers, and advertisers in the interest of buyers, according to the Encyclopedia of Britannica, 1990. Such regulation may be institutional strategy or embodied in a voluntary code accepted by a particular industry, or it may result more indirectly from consumer opinion.

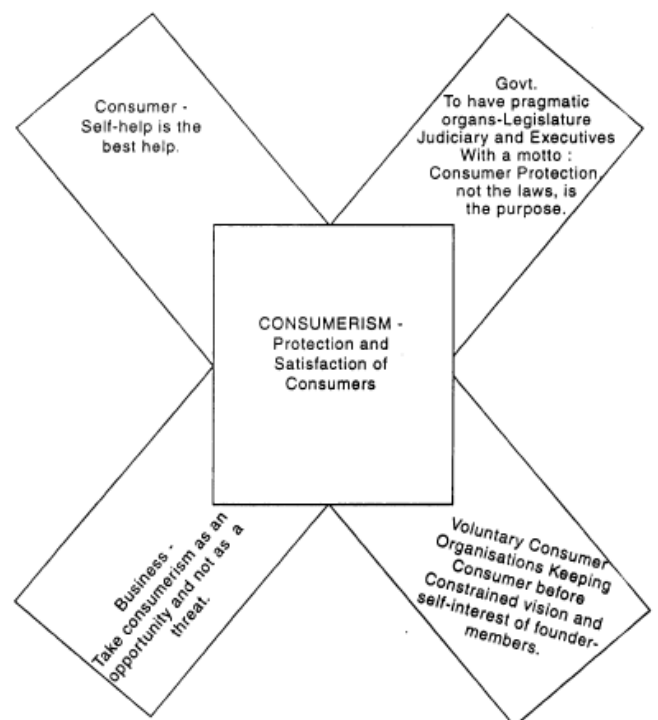


Fig. 1.2 - What is Consumerism ?

According to a behavioural definition, consumerism is a type of psychological projection practised by customers who, as a result of repeated failure to achieve a desired lifestyle, have developed negative attitudes toward marketers in the form of criticism that is deemed socially acceptable by those who suffer the complaints.

In a nutshell, consumerism is :

- (i) An organised effort of consumers,
- (ii) Concerned with increasing consumers' rights and powers in relation to seller(s),
- (iii) Oriented toward ending business community malpractices,
- (iv) Aiming to obtain adequate relief for aggrieved consumers,
- (v) A social movement or policies aimed at regulating products and services, methods and strategies of manufacturers, sellers, and advertisers.

In today's ever-changing market, four parties play an important role in consumer protection: first, the consumers, who are primarily concerned with his protection; second, business organisations, both public and private; third, the government, as a national body responsible for some major consumer protection issues; and fourth, voluntary organisations.

8. Role of consumers

The Indian customer is gentle enough to fall prey to any form of exploitation. Regrettably, he is unresponsive to merchants' shady dealings. As a result, he tends to dismiss exploitation as though it just happens to him. He is concerned that disclosing details regarding the scope and character of the exploitation will make him a laughingstock.

A consumer's rights must be understood. A customer has the right to be protected, to be informed, to have a choice, to be heard, to seek remedy, and to consumer education, according to the Consumer Protection Act of 1986. If he believes he is being denied any of these rights, he should seek redress. It is his primary responsibility. It is his responsibility to recognise and preserve his rights. He can only be protected by his own initiative. He should inquire about the contents, after-effects, available options, costs, and so on. He should not make any compromises to reduce his perceived and derived satisfaction for any cause. He should avoid buying on the spur of the moment. The buyer should be honest with the seller about his reservations. If the vendor refuses to accept responsibility for his error or the flaw in his goods, the customer may decide to cancel the purchase and/or report the shortcomings to the proper authorities. Depending on the nature of the transaction, he may opt to register a complaint with the appropriate government department.

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