
The need for consumerism in the era of globalization

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Abstract

Consumers include us all. Indeed, we are the largest economic group in any economy, affecting and affected by almost every public and private decisions. But we are the only important group who are not effectively organized, whose views and voices are often not heard. We know that the new wave Globalization is creating new inequalities and challenges in every corner of the world. Therefore, consumers' world over, need to organize themselves to fight for their rights and to secure proper justice. The loud alarms Consumer Unite! Should be heard world over. Otherwise, everywhere, throughout the world, across countries, consumers are taken for a ride mercilessly.

Introduction

Economists right from Adam Smith have been talking about the consumer and also of his welfare and exploitation. Indeed, Prpf. Marshall was the first economist who talked more positively on consumer welfare by laying emphasis on material welfare. We know that we are all consumers. But the question here is- are we really aware of our role as consumers in this globalized world. We should note that we have certain rights and responsibilities to shoulder in. We must always remember that we have a dual role to play both as consumers and producers and we have to carefully understand our rights and responsibilities. India has been observing 15 March as the National Consumers' Day. This day has a historic importance as it was on this day in 1962, when the Bill for Consumer Rights was moved in the US Congress. During his speech, the then President of the US John F. Kennedy had remarked:

"If a consumer is offered inferior products, if prices are exorbitant, if drugs are unsafe or worthless, if the consumer is unable to choose on an informed basis, then his dollar is wasted, his health and safety may be threatened, and national interest suffers."

John F. Kennedy had equated the rights of the ordinary American consumer with national interest. He gave the American consumer four basic rights:

1. The Right to Safety
2. The Right to Choose
3. The Right to Information
4. The Right to be heard

Kennedy recognized that consumers are the largest economic group in the country's economy, affecting and affected by almost every public and private economic decision. But they were also the only important group who were not effectively organized, whose views were not heard.

Thirteen years later President Gerald Ford felt that the four rights constituted in Kennedy's Bill of Rights were inadequate for a situation where most consumers are not educated enough to

make the right choices. So he added the Right to Consumer Education, as an informed consumer cannot be exploited easily.

While these rights served the interest of the American consumer well enough, they did not cover the whole gamut, because a global consumer did need, apart from them, other well-defined rights like basic needs, a healthy environment and redress.

The Consumers International (CI), former International Organization of Consumer Unions (IOCU), the umbrella body, for 240 organizations in over 100 countries, expanded the charter of consumers rights contained in the US Bill to eight, which in a logical order reads:

1. Basic Needs
2. Safety
3. Information
4. Choice
5. Representation
6. Redress
7. Consumer Education
8. Healthy Environment.

One more weapon addressed by Mahatma Gandhi, Father of our nation could also be added, i.e. the weapon to Boycott. It is an accepted fact that the Globalization has brought about a tremendous change in the consumption pattern at all levels across the countries and the overall purchasing power of consumers has increased. Prior to the enactment of different Consumer Protection Laws, laws, emergence of consumer activists and organizations in India, the doctrine of "Caveat Emptor" (buyer beware) was prevailing. But now the time has come for the doctrine "Caveat Venditor" (sellers beware) to rule.

Consumerism -The Origin and Growth

The protection of people against economic exploitation has existed for several centuries. England established standard measurements for wool and the first regulations regarding bread sizes were established in 1226 A.D. Sale of adulterated food and drink was subject to criminal penalties in the 14th century. The first consumer law was enacted in 1784 in Massachusetts followed by the law on weights and measures in 1790. In U.K. **Merchandise Marks Act** was passed in 1852 and in 1878, the first Weights and Measurement. Act was passed. The well-known **Sale of Goods Act** came in to force in 1893.

In the middle of the 19th century, a section of consumers in England organized themselves to protest against exploitation of labour by the textile industry and they gave a call to boycott the buying of textiles manufactured by such erring companies. There were also similar moves by another section against employment of child and women labour and slavery. Towards the end of 19th century, there were sporadic attempts by consumers in the U.K., America and Europe to form buyers clubs in order to avoid middlemen and profiteering. These Buyers Clubs were like informal Consumer Co-operatives. Similarly, in India, the origin of Consumer Movement was in the form of consumer Co-operatives. Therefore, Co-operatives are sometimes mentioned as the starting point of the Consumer Movement.

The consumerism in India is as old as trade and commerce itself. Indian history reveals that in various periods and regimes of different Kings and dynasties prior to the British rule, there were enactments to punish the dishonest and unfair traders and producers. During the

middle ages, the dishonest traders had their hands cut-off and a trader selling shoddy goods was dragged around town with his wares tied around his neck! Indeed in 200 B.C. there were laws in India against food adulteration. The laws of Manu (a great classical philosopher) and Arthashastra of Kautilya (a great classical economist) also refer to the punishment to be awarded to dishonest traders. The British introduced some laws in India such as the Sale of Goods Act, Weights and Measurement Act which were being followed in England. Some organized efforts to protect consumers from the middlemen were made in the 1940s by eminent freedom fighters such as Sri.Tanguduri prakasam, C.Rajagopalacharie in southern India. They started consumer Co-operative stores to supply retail essential commodities. This became a social movement and the concept of consumer Co-operative movement spread to different parts of the country. Today consumer organizations such as Mumbai Grahak Panchayat, Consumer Education and Research Center (CERC) in Ahmedabad under the guidance of Indian Ralph Nader Professor Manu Bhai Shah are continuing this approach to consumer welfare by organizing seminars and workshops.

The origin and growth of Consumer movement in India has many similarities to the movement elsewhere. In the 1960s, organizations such as **Consumer Guidance Society** of India, Mumbai was formed to inform and educate consumers on the quality of goods and services and to conduct simple tests on goods of daily consumption. Shortage in supply of essential commodities and unsatisfactory functioning of the public distribution system led activists to form consumer organizations in their towns and localities to ventilate their grievances to the authorities concerned. Several such organizations, which were formed between 1970 and 1980, were concerned with the problems of inflation, food adulteration and public distribution system. These consumer organizations serve a useful purpose as voluntary vigilance groups in the market place.

The third phase of growth covering the period from 1981 to 1990 signifies the expansion and consolidation of the consumer movement in India. Especially after the enactment of **Consumer Protection Act of 1986**, there has been a spurt in the number of new organizations in the country. The period from 1991 to 2000 A.D. is being considered as a period that empowered the Indian consumer. Consumer education, product testing, product safety and promotion were well activated.

Hence, the consumer movement in India has come of age. Consumer organizations have always felt since the movement started picking up in the nineteen seventies, that there were benefits in numbers. Beginning with less than 10 organizations in 1965, by 1996 established over 900 consumer organizations and today there are more than 2000 active consumer organizations all over the country. Consumerism merits the attention of one and all because it affects all of us as consumers. Consumerism arises from widely shared feelings of consumers that they are ill served by their economy. In its most vigorous form, it produces outrage, sometimes stemming from the abuse of powers by the sellers, a situation that holds in many developing countries in a more visible form. Often this discontent arises from the market failure, unsafe products, dishonoured promises, misrepresentation, deceptive advertising, frauds and failures of communication between buyer and seller. We know that most of the consumer problems originate in the inability or unwillingness of producers to satisfy consumer needs and interests. Some consumer problems are self-inflicted. Consumer needs and interests are extremely varied, differing among cultures, and also within cultures, from one individual group to another. Infact, the word consumerism implies a certain activist behavior or attitude which is appropriate in

recent times because consumers are paying more attention to their decision making in the market place. Therefore, we may say that this term consumerism connotes awareness among people to raise their voice and demand a safe and better living. However, consumerism as a movement of consumers makes them well aware of their rights and responsibilities and fight against odds.

1. The Right to Safety

This means the right to be protected against products, production processes and services which are hazardous to health or life.

2. The Right to be informed

This means the right to be informed of the facts needed to make an informed choice or decision. The right to be informed now goes beyond avoiding deception and the protection against misleading advertising, labeling or other practices. Consumers should be provided with adequate information, enabling them to act wisely and responsibly.

3. The Right to Choose

This right refers to the right to have access to a variety of products and services at competitive prices and in the case of monopolies to have an assurance of satisfactory quality of goods and services at a fair price.

The right to choose has been reformulated to mean the right to basic goods and services. This is because the unrestrained right of a minority to choose can mean a denial of share to the majority.

4. The Right to be heard

This means the right to be represented so that consumer's interests receive full and sympathetic consideration in the formulation and execution of economic policy. The right is being broadened to include the right to be heard and represented in the development of products and services before they are produced or set up: it implies a role, not only in formulating government policies, but also in economic for a and other organizations.

5. The Right to Redressal

This means the right to fair settlement of just claims.

The right has been generally accepted since the early 1970's. It involves the right to receive compensation for misrepresentation or supply of shoddy goods or services where needed, free legal aid or an accepted form of redress for small claims should be available.

6. The Right to Consumer Education

This means the right to acquire the knowledge and skills to be an informed consumer throughout life.

The right to consumer education incorporates the right to the knowledge and skills needed for taking action to influence factors that affect consumer decisions.

7. The Right to a Healthy Environment

This means the right to a physical environment that will enhance the quality of life.

This right involves protection against environmental problems over which the individual consumer has no control. It acknowledges the need to provide and improve the environment for present and future generations.

For exercising Rights, the consumers should know their following Responsibilities:

- Consume less and not give into over consumption
- To consume all kinds of energy and not to waste
- To pay a reasonable price and not to encourage black marketing
- To co operate in a situation of shortage and not to hoard
- To be alert and not be apathetic
- To complain systematically and await redressal
- Obtain full information regarding quality and price before making any purchase. Be careful about false and misleading advertisements.
- Purchase goods having ISI mark, Agmark etc as and where available for safety and quality.
- Obtain proper receipt/cash memo for the purchase made and Guarantee/warranty card duly stamped and signed by the seller wherever applicable.
- Approach District Forum, State Commission or National Commission for redressal of consumer grievances against sale of defective goods or deficient services or adoption of unfair or restrictive trade practices.

However, the **Consumer Protection Act of India 1986** gives the following Strength to the Indian consumer:

- To know about the quality and price of goods and services being paid for, so that you are not cheated by unfair trade practices.
- To be heard and be assured that consumer interest will receive due consideration at appropriate fora.
- To seek legal redressal against unfair or restrictive trade practices or exploitation.
- To be protected against the sale of goods and services which are spurious and hazardous for life and property?
- To be assured, wherever possible, access to a variety of goods and services at competitive prices.

This worldwide melody of consumer exploitation that has turned from an academic to epidemic stage needs to be halted. But a consumer himself has to be more aware and active in his defense.

Consumers in India need more exposure to consumerism and consumer education. In a developing country like India, the consumer is at special risk while taking market decisions. As a consumer, one has to grapple with the problems of undernourishment, over population, poverty, unemployment, ill health and a host of other problems. Most often poverty, which is considerably widespread, does not lend the consumer the necessary strength to question and to resist the attempts of victimization.

Today, an average Indian consumer is mostly poor, illiterate, ignorant, apathetic or just defeatist and continues to be at the receiving end. A recent study indicated that Indian Consumers are cheated to the tune of Rs.20, 000 million* a year, either by poor quality or less

quantity or by over Charging the poor chap who is always at the receiving end. A survey conducted by Consumers Guidance Society of India in collaboration with the health department of Mumbai** Municipal Corporation revealed that almost half of the samples of groundnut oil collected from various parts of the city were adulterated. Another report indicates that 20 to 50% of foodstuffs sold in the market are adulterated. The gradual Increase in the liver cancer cases in certain parts of India has even been attributed to the adulteration in edible oil.

The condition of rural consumers is very miserable as they buy goods mostly in loose form and in small quantities without weighing. Most of these goods may not be of standard quality. Buyers in sub-urban areas have generally experienced it. Shops in villages and hilly areas charge even more than Maximum Retail Price (MRP) on one pretext or the other. In urban areas also a lot of spurious goods are sold at the rates of genuine goods. Thus cheating the consumers by rate difference by supplying low quality goods. However, much would depend upon the consumers to unite for awareness about their rights. **Consumer King** a concept of Ben ham, an economist of England is a myth in India because consumers are totally in the dark for reasons, which are evident in developing countries. The reasons being:

1. Illiteracy
2. Lack of consumer education
3. Age old inherent submissiveness among consumers
4. Lack of knowledge about consumer rights
5. Innocence and implicit faith
6. Economic backwardness

All above said factors lead to take unwise decisions and improper purchasing

Instances of Improper Purchasing

1. The buyer thinks that if he does not buy a certain commodity today he may not get another chance of buying the same tomorrow.
2. He may have money today and wants to exchange it for commodity because tomorrow he may need the money for something else.
3. He thinks that the first thought is the best thought. Similarly he thinks that the first choice is the best choice.
4. Thinking that the commodity he wants to buy is a necessity at home though it is not.
5. The buyer thinks many times that the commodity he is buying is cheaper.
6. On most occasions the consumer takes the recommendations of trader as genuine because he does not find time or has the inclination to make enquiries.
7. On several occasions the consumer buys the article, which cannot be used by all the members of the family.
8. Buying a certain thing beyond the budget.
9. A consumer goes to the market for spending some time leisurely but returns with a commitment in buying.
10. The buyer most often does not consult his friends, relatives or neighbors who have already purchased and are using the commodity.

Some Suggestions for Proper Purchasing:

1. Buying should not be frequent.
2. Buying should be regular at longer intervals

3. Before buying there should be a plan. The plan should be the product of thorough discussions made in the family with every member including the children.
4. It is economical and time saving to buy materials based on optimum essential requirements. That is, if buying schedule is on monthly basis, the consumer should purchase the articles required for the whole month for the entire family making extra allowance for possible contingencies.
5. It is preferable to frequently change the trader to eliminate the possible bias, and personal obligations.
6. It is always better for a consumer not to carry excess money. This will perhaps temporarily avoid unnecessary buying.
7. It is always better to avoid credit purchases and purchases on hire purchase system because the consumer will always be at the losing end.
8. Consumer should not try to buy anything beyond his legitimate earning as possession of materials disproportionate to the persons legitimate earning leads to several problems.
9. He/She should be discrete and also consistent in buying and should resist temptations.
10. Among consumers in a community there should not be any personal prejudice in buying. By this we mean, it is not incumbent on a person to buy a T.V. or a fridge just because his neighbor possesses the same.

Indeed, a day will come that a good number of Ralph Naders will emerge in India but also in the whole world and consumer awareness will spread and consumerism will gain momentum to safeguard the interests of consumers. The term Consumer Sovereignty gains meaning and momentum in an economy only when consumers become sovereign and only when he can fulfill the dream of Benham (consumer king).

However, as consumers, all of us should join our hands and remember the bold words of Sri Swami Vivekananda, a famous saint and philosopher of India- Arise! Awake! Stop not till the goal is reached.

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