

UNIT-VI
CHAPTER
16

CONSUMERISM

INTRODUCTION

Consumerism is a social as well as an economic order which encourages buying of goods and services for a higher amount. It is a movement aimed at regulating or imposing the products, methods, services and standards of sellers, manufacturers and advertisers in the buyers interests. The dictionary defines consumerism as the advocacy of the rights and interests of consumers. This chapter deals with the aspects of consumerism.

I. CHOOSE THE CORRECT ANSWERS

1. The term 'consumerism' came into existence in the year _____
a) 1960 b) 1957
c) 1954 d) 1958
2. Who is the father of Consumer Movement?
Mahatma Gandhi b) Mr. Jhon F. Kennedy
c) Ralph Nader d) Jawaharlal Nehru
3. Sale of Goods Act was passed in the year?
a) 1962 b) 1972
c) 1982 d) 1985
4. The main objective of all business enterprises is _____
a) Providing service
b) Providing better standard of live
c) Providing necessities to the society
d) Earn profit
5. The consumer Protection Act came into force with effect from
a) 1.1.1986 b) 1.4.1986
c) 15.4.1987 d) 15.4.1990
6. _____ of every year is declared as a Consumer Protection Day to educate the public about their rights and responsibilities.
a) August 15 b) April 15
c) March 15 d) September 15
7. Any person who buys any goods or avails services for personal use, for a consider-

ation is called as

- a) Customer b) Consumer
c) Buyer d) User

8. The General Assembly of United Nations passed resolution of consumer protection guide lines on

- a) 1985 b) 1958
c) 1986 d) 1988

ANSWERS

1	a	2	c	3	c	4	d
5	c	6	c	7	b	8	a

II. VERY SHORT ANSWER QUESTIONS:

1. Who is a consumer?
A consumer is one who consumes goods manufactured and sold by others or created by nature and sold by others.
2. Define Consumerism.
According to L.Massie, "Consumerism is an attempt to enhance the rights and powers by buyers in relation to sellers".
3. Give two examples of adulteration.
❖ Chemicals, detergent chalk, urea caustic soda etc are added to make the milk dense and white.
❖ Coffee powder is adulterated with tamarind seed.
4. What is Caveat Emptor?
❖ Caveat emptor' is a Latin term that means "let the buyer beware."
❖ It means that 'let a purchaser beware', for he ought not to be ignorant of the nature of the property which he is buying from another party.

the principle of caveat emptor serves as a warning to the buyers that they have no recourse with the seller if the product does not meet their expectations

5. What is Caveat Vendor?

The principle of caveat vendor, means "let the seller beware," by which goods are covered by an implied warranty of merchantability.

6. Write a short notes on Consumer Protection Act, 1986.

- ❖ This Act came into force with effect from 15.04.1987.
- ❖ This Act was further amended in 1993.
- ❖ The Act is referred in short as 'COPRA'.
- ❖ The Consumer Protection Act 1986 seeks to protect and promote the interests of consumers.
- ❖ The act provides safeguards to consumers against defective goods, deficient services, unfair trade practices, and other forms of their exploitation.

III. SHORT ANSWER QUESTIONS:

1. Which are the three constituent elements of business?

The following are the three constituent elements of the business

- ❖ Role of Business
- ❖ Role of Government
- ❖ Role of Consumer

2. What are the important legislations related to consumerism in India?

- ❖ The Indian Contract Act, 1982 was passed to bind the people on the promise made in the contract.
- ❖ The Sale of Goods Act, 1982: This Act protects consumers against sellers not complying with expressed and implied warranties in the sale contract.
- ❖ The Essential Commodities Act, 1955 protects the consumers against artificial shortages created by the sellers by hoarding the goods and thus selling the goods at high prices in black market in respect of essential commodities.
- ❖ The Agricultural Products Grading and Marketing Act, 1937 ensures the supply of agricultural commodities at high quality.

❖ The Prevention of Food Adulteration Act, 1954 checks the adulteration of food articles and ensures purity of goods supplied and thus protects the health of consumers.

❖ Weights and Measures Act, 1958 protects the consumer against malpractices of underweight or under measurement. This Act has been replaced as the Legal Metrology Act, 2009.

3. What is meant by artificial scarcity?

- ❖ Artificial scarcity is the scarcity of items that exists even though when there is sufficient stock.
- ❖ In some situations the shop keepers put up the board "No Stock" in front of their shops, even though there is plenty of stock in the store.
- ❖ In these situations consumers have to pay hefty price to buy the goods.
- ❖ For example even in Cinema houses, board may hang in the main entrance 'House Full' while cinema tickets will be freely available at a higher price in the black market.

4. Write the importance of consumerism.

Importance of consumerism lies in

1. Awakening and uniting consumers.
2. Discouraging unfair trade practices.
3. Protecting against exploitation.
4. Awakening the government.
5. Effective implementation of consumer protection laws.
6. Providing complete and latest information.
7. Discouraging anti-social activities

5. What is the role of Government in consumer protection?

- ❖ Government should assure an active role in safeguarding the consumers.
- ❖ Government both the central and the state have brought out a number of legislations to protect the interest of consumers across the country.
- ❖ Despite the existence of legal system to protect the consumers, consumers in India are still illiterate and passive.
- ❖ Law enforcement authorities should see that penal clause is not mere paper jaws—they should sting the offenders mercilessly.

IV. LONG ANSWER QUESTIONS:

1. How consumers are exploited?

1. Selling at Higher Price

- ❖ The price charged by the seller for a product service may not be commensurate with the quality but at times it is more than the fair price.
- ❖ Even though sellers have surplus or adequate goods they create artificial scarcity in the market with an intent to push up the prices.
- ❖ As a result, consumers are forced to buy the short supply of goods at higher prices in the black market.

2. Adulteration

- ❖ It refers to mixing or substituting undesirable material in food. This causes heavy loss to the consumers.
- ❖ This will lead to monetary loss and spoil the health.
- ❖ But adulterators make illegitimate profit while prudent businessmen aim at normal profit whenever unscrupulous traders seek to reap higher profit out of greed, they seek to adulterate the products.
- ❖ Adulteration is quite common in food articles.
- ❖ It is a crime which cannot be pardoned as it spoils the very health of consumer.

Example:

- ❖ Chemicals, detergent chalk, urea causticsoda, etc. are added to make the milk dense and white.
- ❖ Mixing of stones with grains
- ❖ Mixing of coconut oil with palmolein

3. Duplicate or Spurious goods

- ❖ Duplicate products of popular products are illegally produced and sold.
- ❖ Duplicates are available in plenty in the market for every original and genuine parts or components like automobile spare parts, blades, pens, watches, radios, medicines, jewellery, clothes and even for currency notes.
- ❖ Duplicate medicines are sold in large measure, from Cape to Kashmir.

4. Artificial Scarcity

- ❖ Artificial scarcity is the scarcity of items that exists even though when there is sufficient stock.
- ❖ In some situations the shop keepers put up the board "No Stock" in front of their shops, even though there is plenty of stock in the store.
- ❖ In these situations consumers have to pay hefty price to buy the goods.
- ❖ For example even in Cinema houses, board may hang in the main entrance 'House Full' while cinema tickets will be freely available at a higher price in the black market.

5. Sub-standard

- ❖ On opening a packet or sealed container one may find the content to be of poor quality.
- ❖ If defective or damaged items are found in a pack, a consumer finds it difficult to exchange the defective one for good one.
- ❖ Consumers have to blame for lack of attention one cannot return it.
- ❖ The consumers have tendency to blame their carelessness or fate for having bought such sub-standard product.
- ❖ Whenever goods are bought, seller try to avoid raising bill or consumers do not demand bill as a matter of right.
- ❖ This prevents the consumers from escalating the complaint against the seller where the product happens to be sub-standard.
- ❖ Some seller give bills which contain a stipulation that goods sold cannot be taken back.
- ❖ Thus gullible consumers are easily and legally cheated.

6. Product Risk

- ❖ Whenever the usage of goods is likely to cause danger or hurts to customers, manufactures have to forewarn the consumers of various sources of dangers.
- ❖ The precautionary measures to be taken by the consumers should be informed.
- ❖ In absence of such information or warnings consumers are more likely to encounter risks while using the risky products.

2. Explain the role of business in consumer protection.

Business enterprises should do the following towards protecting consumers.

1. Avoidance of Price Hike

Business enterprises should desist from hiking the price in the context of acute shortage of goods/articles.

2. Avoidance of Hoarding

Business enterprises should allow the business to flow normally.

It should not indulge in hoarding and black marketing to earn maximum possible profit in the short term at the cost of consumers.

3. Guarantees for Good Quality

Business enterprises should not give false warranty for the products. It should ensure supply of good quality.

4. Product Information

Business enterprises should disclose correct, complete and accurate information about the product viz. size, quality, quantity, substances, use, side effects, precautions, weight, exchange, mode of application etc.

5. Truth in advertising

Business enterprises should not convey false, untrue, bogus information relating to the product through the advertisements in media and thus mislead the consumers.

6. Protection from the Hazard

Business enterprises should not market the product which is potentially hazardous and harmful. It should test the safety of the product before they are marketed. As regards food items, business enterprises should withdraw spoiled and contaminated food items.

7. Money Refund Guarantee

Where the product becomes defective, business enterprises should replace it with new one or refund the purchase price. If the product causes injury or harm to consumers, it should reimburse the expenditures done by the consumers concerned.

8. Consumer Grievances

Where the business enterprises have customer care department, it should handle the grievances of consumer immediately or within a definite time frame.

3. What are the needs for consumer protection?

- ❖ Though consumer is said to be the king of entire business sphere, his interests are virtually neglected.
- ❖ Shortage of goods makes the consumers to be content with whatever is offered for sale.
- ❖ Quality is sacrificed: warranty of performance has no meaning; health hazard is never considered; profit maximization turns out to be sole consideration of business enterprises.
- ❖ In such a context, consumer protection remains a vital importance.

4. Explain the role of consumers in Consumer Protection.

- ❖ Ultimately it is the consumer who alone can put an end to all their unethical trade practices.
- ❖ Business enterprises may break the codes and Government may rest content with mere enactment of laws and do little to protect consumers.
- ❖ In this context consumers have to be vigilant and organize themselves into a movement for concerted action.

5. What are the objectives of Consumer Protection Act, 1986?

Following are the objectives of Consumer Protection act 1986

- ❖ Protection of consumers against marketing of goods which are hazardous and dangerous to life and property of consumers.
- ❖ Providing correct and complete information about quality, quantity, purity, price and standard of goods purchased by consumers.
- ❖ Protecting consumers from unfair trade practices of traders.
- ❖ Empowering consumers to seek redress against exploitation
- ❖ Educating the consumer of their rights and duties
- ❖ Ensuring better standard of living for consumers by providing them with quality products at fair price.
- ❖ Putting in place right mechanism like councils and other authorities to enable the consumers to enforce their rights.

6. Write about five important consumer legislations.

- ❖ The Indian Contract Act, 1882 was passed to bind the people on the promise made in the contract.
- ❖ The Sale of Goods Act, 1930: This Act protects consumers against sellers not complying with expressed and implied warranties in the sale contract.
- ❖ The Agricultural Products Grading and Marketing Act, 1937 ensures the supply of agricultural commodities at high quality.
- ❖ The Prevention of Food Adulteration Act, 1954 checks the adulteration of food articles and ensures purity of goods supplied and thus protects the health of consumers.
- ❖ The Food Safety Standard Act, 2006 regulates the manufacture, storage, and distribution of food in safe and wholesome condition to consumers.

7. What are the salient features of the Consumer Protection Act, 1986?

The salient features of the Indian Consumers Protection Act, 1986 are listed below

- ❖ Protecting consumers against products and services which are harmful to the health of consumers.
- ❖ Protecting consumers from the breach of contract by sellers / manufacturers.
- ❖ Ensuring consumers with supply of goods at fair quality.
- ❖ Safeguarding consumers against misleading and untrue messages communicated through advertisement.
- ❖ Ensuring that consumers are charged fair price.
- ❖ Ensuring uninterrupted supply of goods.
- ❖ Ensuring the availability of goods in correct quantity and right size.
- ❖ Protecting the consumers against unfair trade practices of unscrupulous trader
- ❖ Protecting the consumers against pollution of various kinds
- ❖ Protecting consumers against the evil effect of competition

8. What are the objectives of United Nations guidelines for consumer protection?

To assist countries in achieving or maintaining adequate protection for their population as consumers

- ❖ To facilitate production and distribution patterns responsive to the needs and desires of consumers
- ❖ To encourage high levels of ethical conduct for those engaged in the production and distribution of goods and services to consumers
- ❖ To assist countries in curbing abusive business practices by all enterprises at the national and international levels which adversely affect consumers
- ❖ To facilitate the developing of independent consumer groups
- ❖ To further international co-operation in the field of consumer protection
- ❖ To encourage the development of market conditions which provide consumers with greater choice at lower prices.

ADDITIONAL QUESTIONS:

I. CHOOSE THE CORRECT ANSWERS:

1. The consumer movement in India is in its _____ stage.

- | | |
|-------------|------------|
| a) Starting | b) Growth |
| c) Maturity | d) Decline |

2. Consumers became more sensitive to _____ need.

- a) Social and Environment
- b) Basic
- c) Both a & b
- d) None

3. Which of the following is correct?

- | | |
|--|-----------|
| 1. Indian Contract Act | - a) 1958 |
| 2. Agricultural products Act | - b) 1955 |
| 3. Essential Commodities Act | - c) 1937 |
| 4. Standards of Weights and Measures Act | - d) 1982 |
- | | |
|-----------------------|-----------------------|
| a) 1-d; 2-c; 3-b; 4-a | b) 1-a; 2-b; 3-c; 4-d |
| c) 1-c; 2-d; 3-a; 4-b | d) 1-b; 2-c; 3-a; 4-d |

4. The Indian Standard Institution is now known as _____

- | | |
|--------|--------|
| a) BIS | b) AIS |
| c) SBI | d) IBS |

5. Assertion (A): Consumer Protection Act does not create rights or liabilities.

Reasons (R): CPA lays down rules for formation of consumer protection councils in every district and state.

Codes:

- (a) Both (A) and (R) are true and (R) is the correct explanation of (A).
- (b) Both (A) and (R) are true, but (R) is incorrect explanation of (A).
- (c) (A) is true, but (R) is false
- (d) (A) is false, but (R) is true.

6. If the customers are not satisfied the business will not be in the position to generate _____.

- a) Growth
- b) Loss
- c) Revenue
- d) None of these

7. Assertion(A): COPRA has District Forum, State Forum and National Commission.

Reason(R) :COPRA Provides three-tier enforcement.

- (a) Both (A) and (R) are true and (R) is the correct explanation of (A).
- (b) Both (A) and (R) are true, but (R) is incorrect explanation of (A).
- (c) (A) is true, but (R) is false
- (d) (A) is false, but (R) is true.

8. Assertion (A): Only the customer can fire us all.

Reason (R):Consumers determine which firms to survive and which to fail.

- (a) Both (A) and (R) are true and (R) is the correct explanation of (A).
- (b) Both (A) and (R) are true, but (R) is incorrect explanation of (A).
- (c) (A) is true, but (R) is false
- (d) (A) is false, but (R) is true.

9. Having what consumers are likely to buy is a characteristic of a _____ orientation.

- a) Manufacturing
- b) Marketing
- c) Selling
- d) All of the above

10. What is COPRA?

- a) Consumer Operating Protection Regulation Authority

- b) Consumer Protection Act
- c) Consumer Protection Authority
- d) None of the above

11. Generally, consumer protection comes in the form of _____.

- a) malpractice trade activities
- b) government regulation
- c) unfair trade
- d) None

12. The prevention of Food Adulteration Act was passed in the year _____.

- a) 1954
- b) 1987
- c) 1992
- d) 1956

13. Assertion(A):Caveat emptor means 'Let the Buyer Beware'

Reason(R):CaveatVenditor means 'Let the Seller Beware'

Codes:

- (a) Both statements are true.
- (b) Both statements are false.
- (c) Statement I is true, but Statement II is false.
- (d) Statement I is false, but Statement II is true

14. The right to be informed is an important component of _____.

- a) Consumer protection
- b) Consumer rights
- c) Consumer awareness
- d) None

15. Assertion (A): Consumer Awareness is the knowledge about consumers own responsibility.

Reason(R): The consumers should not indulge in wasteful and unnecessary consumption.

- (a) Both (A) and (R) are true and (R) is the correct explanation of (A).
- (b) Both (A) and (R) are true, but (R) is incorrect explanation of (A).
- (c) (A) is true, but (R) is false
- (d) (A) is false, but (R) is true.

ANSWERS

1	b	2	A	3	a	4	a	5	b
6	c	7	A	8	a	9	b	10	b
11	c	12	A	13	a	14	a	15	a

III. SHORT ANSWER QUESTIONS:**1. Write short note Adulteration:**

- ❖ It refers to mixing or substituting undesirable material in food.
- ❖ This causes heavy loss to the consumers.
- ❖ This will lead to monetary loss and spoil the health.
- ❖ But adulterators make illegitimate profit while prudent businessmen aim at normal profit whenever unscrupulous traders seek to reap higher profit out of greed, they seek to adulterate the products.
- ❖ Adulteration is quite common in food articles.
- ❖ It is a crime which cannot be pardoned as it spoils the very health of consumers.

Example:

1. Chemicals, detergent chalk, urea causticsoda, etc. are added to make the milk dense and white.
2. Mixing of stones with grains
3. Mixing of coconut oil with palmolein
4. Honey is adulterated with water and table sugar to enhance the quantity

2. Enumerate the growth movement of consumerism.

- ❖ Consumerism or consumer movement is an outcome of sufferings, and exploitations of consumers.
- ❖ It intends to shield the consumers from commercial terrorism and exploitative practices.
- ❖ Its aim is to safeguard their interests by establishing their rights and powers in relation to products and sellers.
- ❖ Mr. Ralph Nader pioneered the fight against monopoly and unethical trade practices of large companies in the United States.
- ❖ He is considered to be the father of the Consumer Movement.
- ❖ He initially fought against automobile industry for violating safety standards and pollution control norms.
- ❖ But today, in almost all countries the consumer movement is well developed. Countries like Britain, Sweden, Netherlands, Denmark and even in Kenya have stringent laws against consumer

exploitation in their respective countries.

- ❖ The United Nations General Assembly has adopted a set of general guidelines for consumer protection.

3. Explain in briefly 'COPRA':

- ❖ The Central Government enacted a comprehensive law called the Consumer Protection Act in 1986.
- ❖ This Act came into force with effect from 15.04.1987.
- ❖ This Act was further amended in 1993. The Act is referred in short as 'COPRA'.
- ❖ The Consumer Protection Act 1986 seeks to protect and promote the interests of consumers.
- ❖ The act provides safeguards to consumers against defective goods, deficient services, unfair trade practices, and other forms of their exploitation.
- ❖ The object of the act is to provide for the better protection of the interests of the consumer courts for the settlement of consumer's disputes and all matters connected there with.
- ❖ The Consumer Protection Act is of great importance.
- ❖ It is the latest to be adopted. It is applicable to public sector, financial, and cooperative enterprises.
- ❖ Recently even medical services have been brought under its scope.
- ❖ The Act shall apply to all goods and services across board.
- ❖ The Consumer Protection Act 1986 does not create rights or liabilities, but it has emerged as new forum for the settlement of disputes relating to the sale of goods or services.
- ❖ The loss claimed by the consumers must be a loss resulting from on some "deficiency of service" or "defect in the goods."
- ❖ The Act provides for the setting up of a three tier-machinery, consisting of District Forums, State Commissions, and the National Commission.
- ❖ It also lays down rules for formation of consumer protection councils in every District and State and at the apex level.

IV. LONG ANSWER QUESTIONS:

1. How do consumer action councils are activated?

1. Consumer action councils established at village levels should educate consumers of the right.
2. Consumer protection agencies should take necessary steps to investigate consumer complaints and grievances and arrange to forward them to correct forum.
3. It should regulate business enterprises according to the rules of the industry.
4. Voluntary consumer groups should provide information so as to educate consumers on matters affecting them through media.
5. It should organise movement against the malpractice of manufacturers and traders.
6. Consumer cooperatives need to be strengthened.
7. Consumer groups should contact the legislators to raise the consumer issues in Assembly and Parliament.
8. There should be testing laboratories at each district to test the purity of goods.
9. Voluntary consumer organisations should publicise the malpractices of manufacturers and traders by media.
10. It should take initiation to report such officials and authorities who let the offender to go scot free to follow enforcement agencies.

2. Explain Caveat Venditor with a suitable example:

- ❖ Today, most sales in the U.S. fall under the principle of caveat venditor, which means "let the seller beware," by which goods are covered by an implied warranty of merchantability.

- ❖ Unless otherwise advertised (for example, "sold as is") or negotiated with the buyer, nearly all consumer products are guaranteed to work, if used for their intended purpose.
- ❖ **Example:** A Mumbai based consumer purchased a pair of shoes from the dealer of a well-known brand after going through its advertisement assuming 50% off. Consumer paid Rs.1345/- for the purchase.
- ❖ After the purchase, the consumer came to know that it had two price tags, one printed at MRP Rs.1345/- and another sticker for Rs.2690/-.
- ❖ On complaining by E-mail, the dealer gave reply that discount had been included in MRP, and the consumer was not satisfied.
- ❖ Then he came to show room and took refund from the dealer.