

## **EMPOWERING THE RURAL CONSUMERISM**

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### **Introduction**

India lives in villages. It is an old statement, but it is true even after 65 years of independence. Around 70% of our population lives in rural area depending upon consumer goods manufactured in the industries. Although they are the producers of grain, but they are bound to purchase processed goods of brand companies without questioning about their quality, quantity, purity and impact factors. People are not aware of “Maximum Retail Price (MRP)” and “Inclusive of All Taxes”. More so the rural population lacks adequate market expansion even in 21st century. Thus whatever the commodity is available in the local market, they have to purchase at the term and condition of the vender. The venders have their own union whereas the purchasers (consumers) are disorganized. Venders charge standard price for substandard goods. More over the rural folks are so innocent that they fall prey very easily to the venders. Even spurious and expiry drugs are sold to them without fear. Adulterated food materials are common in sale without fearing the enforcement agencies. They are also victim of low weights and measurement. Even the vegetable sellers cheat them very easily. The supplies of essential commodities are always in scarcity causing black marketing and high price. Even fertilizer, packaged seed, pesticides are inferior with high price. Thus from consumer to agricultural commodities, the rural consumers are very easily deceived by the clever dealers.

In this context, this paper seeks to study the problems of rural consumers. Whether the rural folks know the remedies available? How can they get relief? Should they fight for small purchase of daily commodities, and waste their time, money and energy? Who can provide them protection? Whether the state machinery is not responsible to provide adequate safety to the innocent rural consumers? The answer of all such questions requires to be studied under the concept of consumer empowerment.

Where there is life, there is consumption of goods and services. Life without consumption cannot be imagined. Even the beggars consume

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the goods and the services without which they have no physical existence of which the Constitution guarantees<sup>1</sup> to all citizens of this country. Consumerism seems to be different in meaning from the ordinary meaning of consumer. It seems that one who spends much on goods and services i.e., the elite class or high income group spending money on consumption. In other words, consumerism is associated with criticism of consumption. But in positive sense consumerism is social and economic order that encourages the sale and purchase of goods and services in great amounts. The term “consumerism” also refers to the “consumerist movement”, “consumer protection” or “consumer activism” which seems to protect and inform the various consumers by various modes of advertisements, consumer education, consumer awareness and protection through legal provisions and machineries. It is the movement to regulate the products, services, methods and standard of manufacturers, sellers and advertisement in the interest of buyers. It is the public concern over quality of consumer goods and honesty of advertising agencies.

This ideology came into full focus in 1962 after then President John F. Kennedy introduced the bill-Consumer Bill of Rights which provided that consumers have right to be safe, to be informed, choose and to be heard. This was shift from theory of *caveat emptor*<sup>2</sup> to *caveat venditor*<sup>3</sup>. This movement brought a shift in American culture from “producer oriented society” to “consumerists”. It was a check on the monopoly for better goods and services to conscious consumer. This movement affected all the countries and entered into the Indian system also. Although, India had various legal provisions to protect interests of the consumers under Indian Penal Code 1860, and viz., the Dangerous Drug Act 1930, the Sales of Goods Act 1930, the Drugs and Cosmetics Act 1940, the Banking Regulation Act 1949, the Industrial Development and Regulation Act 1951, the Prevention of Food Adulteration Act 1954, the Essential Commodities Act 1955, the Indian Standard Institution (Certificate of Marks) Act 1952, the Monopolies and Restrictive Trade Practices Act 1969, the Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act 1980, the Provisions of Maintenance of Internal Security Act 1971 which has been replaced by the National Securities Act 1980.

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<sup>1</sup> INDIA CONST. art. 21. Protection of life and personal liberty: No person shall be deprived of his life or personal liberty except according to procedure established by law.

<sup>2</sup> “Let the buyer beware”.

<sup>3</sup> “Let the seller beware”.

The United Nation (U.N.) General Assembly also adopted guidelines for protection of consumers<sup>4</sup> after extensive negotiation and discussion among the governments on the scope and content of guidelines. Since the consumers often face imbalances in economic, educational, and bargaining term, they must be protected from defective goods or deficiency in services, spurious drugs, adulterated food items, deceit in weights and measures, arbitrary price fixation, black marketing, artificial scarcity of essential commodity in the market so that the consumers may enjoy their lives with decency, check the drain of money for future consumption in their lives. The U.N. General Assembly is concerned with global peace, security, and prosperity along with socio-economic justice.

Thus influenced by the General Assembly Resolution, 1977 a high powered expert committee was constituted under the chairmanship of Justice Rajender Nath Sachar to study the social responsibility of business concern to the community so that the corporate sector should function as being responsible to the society like any other individual. The corporate accountability is not limited to the shareholders alone but to the best of the community at large. With the recommendation of the report the concept of unfair trade practices was brought in year 1984 in Monopolies and Restrictive Trade Practices Act, 1969 (M.R.T.P. Act) and for the protection of Indian consumer the Companies Act, 1956 was amended in 1988. But it was not enough to protect the interest of the consumer. So, in 1986, the Government of India enacted the Consumer Protection Act in order to provide easy remedy to consumer and check on the business and service providers.

The Act<sup>5</sup> defined the term “consumer”<sup>6</sup>. Consumer means a person who buys goods or is a user of such goods on price paid or promised; but it does not include the person who obtains such goods for resale or any commercial purpose. However, the person who buys such goods exclusively for the purpose of earning livelihood by means of self-employment is put under the heading consumer. Consumer also includes a person who hires or avails of any services for consideration, and includes beneficiary of such services excluding services for any commercial purpose. But the term “consumer” does not classify either rural or urban. The definition treats all the consumers equally; therefore the question arises, here, why should there be specific talk on rural consumerism? Since, India is a country

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<sup>4</sup> G.A. Res. 39/248.

<sup>5</sup> The Consumer Protection Act, 1986, No. 68, Acts of Parliament, 1986 (India).

<sup>6</sup> *Id.* § 2(1)(d).

of villages and around 70% of population resides in rural area, therefore, the concern of rural consumerism is obvious. The corporate sectors have very good market in the rural areas too, though the per-capita income of rural people is less in comparison to urban consumer. Secondly, the urban consumers are mostly educated and aware of their rights whereas the rural consumers are generally naive persons believing the sellers, service providers, etc., in good faith. The rural consumers do not know the meaning of MRP, service tax, Value Added Tax (VAT) etc. They do not know how to examine the spurious drugs. They also do not know about food adulterations, weights and measures, food safety. They do also not know about the quality of seeds and fertilizers. The rural people are easily cheated by grocers and cloth merchants. They are not in a bargaining capacity. This is why in spite of consumer redressal mechanism, the rural folk are far away from the protection of profit mongers, unfair traders, and gullible service providers. Thus here is the requirement of empowerment of the rural consumers urgently. In this developmental concept, the paper seeks to study the various ways and means to empower for socio-economic justice in India.

### **Rural Marketing and Rural Consumers**

Rural areas are the areas of the country that are not urbanized. The consumers residing in rural areas depend for goods of consumption in rural market where industrial as well as local goods are sold. In the rural marketing, the dominant participants are from the rural area that are naive and lack bargaining capacity. The rural market is different from urban market. The urban people are powerful in word of mouth and bargaining. Rural consumers easily fall prey to the sweet alluring words of the traders who are trained in salesmanship malpractices. Rural consumers are slow to collect any brand commodity because of high price, lack of selection intelligence, and the economic status. Thus, the rural sellers do not keep goods of high brands but duplicate goods in the same brand name are easily sold. The purchasers do not know about the trademark or brand name. Every consumer has to spend year long whereas income in rural area is seasonal. Hence, purchasing is high in income season in rural markets where as surplus goods/rejected goods/goods of very low qualities are sold in rural market at the same price. More so, rural market was completely an organized even in 21st century. It is agriculture based marketing. With advent of green revolution in 1960-90, the agriculture production increased and purchasing capacity of people boosted up. Since 1990, Indian industrial sector has gained strength and maturity. Not only fertilizers and seed

companies entered the rural market, but consumer companies also entered with their brands for the vast rural market.

At the same time, the development in education and employment has poured cash into totally agriculture based economy improving the purchasing capacity of the people. The communication facilities and transportation also connected the rural people to urban market and the desire to purchase and consume the commodities increased. Thus the rural market started to cater to the demand of the people, realizing the potential of rural consumers. But along with this the expansion cum development saga started and there started exploitation of rural consumers. The reasons are various, i.e., the low rate of literacy, the problem of ignorance of English language, lack of road and rail connectivity, lack of media (television and radio), lack of electricity, lack of adequate and scientific storage facilities, awareness of goods and services, competitive pricing, bargaining technique, redressal mechanism etc. Rural consumer does not know how to examine the quality of goods and services even for medical services; they are ignorant of their rights with doctors and knowledge of purchasing medicine, where they easily purchase even spurious drugs. Rural market is also ignorant of banking and insurance utility. Thus, in all cases, there is waste of income without proper advantages.

Firstly, number of markets in rural area in comparison to urban area is also minimum. The rural market is held, generally, weekly. There is lack of permanent shops with adequate number of variety so that the consumers can select out of many. Thus neither the variety nor the sufficient number of shopping centres is available. Hence the shopkeepers monopolize. The right of consumer to choose is defeated. Secondly, the rural consumers are unaware of the quality and price of particular commodity. Sometimes they feel obliged by paying high price for the goods, generally clothing. They cannot bargain with the sellers because they lack confidence. Most of the time they are fooled by the sellers in the name of “known-man/near relative” also. Sometimes they attract the consumers by offering eatables during transactions. Now a days rural consumers are being cheated by the telecommunication companies. They do not know the tariff rates and various rules and regulations of Telephone Regulatory Authority of India (T.R.A.I.). More so, India is a country of festivities which are connected with customary and religious ceremonies. The purchases on such occasions are in great numbers. All come out of their houses for necessities and ceremonial items without knowing the quality of the commodities, brand, prices, selection techniques, bargaining skill

etc. The rural consumers are easily exploited in the name of price rising, transportation cost, tax rates, VAT and other taxes.

### **Rural Consumer Behaviour and Consumer Rights**

“Consumer behavior” refers to the “buying behavior of the individual household for personal consumption”. Thus, all the individuals and households living in the rural area are rural consumers. Their consumer behaviour helps in the formation of the rural market. There are more than 600,000 villages in India. As against 300 cities and 5000 towns the rural consumers have different taste in comparison to urban consumers in terms of products, colour, and sizes of the commodities. Their purchasing behaviour is guided by their motive and reason regarding orientation, purchase, use, maintenance, and disposal of goods. The environment and geographical influences affect the purchasing behaviour of the consumer. The influence of the occupation, place of purchase, durable and creative use of product, all influence the rural consumer’s behaviour. The rural consumers do not choose the best option, but the satisfying option,<sup>7</sup> whereas they have to pay for the best. At same time they are unknown about their right if their goods and services are of low quality and deficient or the MRP is inclusive of all taxes, levies, charges, fees, duties, etc. But there is no minimum cost price which can be understood for MRP. There is no cost of production written on package. What is the percentage of profit charged by the trader is not known. The quality of the product is not known to the consumers. They are victim of adulteration and weights too. The rural consumers are not aware of these facts. They also don’t know where to go for remedies. It is their daily fate. Along with other consumable goods, medical and health care are the basic needs like shelter, food and education. The rural consumer under this sector is also cheated from medical shop to doctor’s clinic. They become the victim of doctor’s negligence. Generally they avail the services of the doctor on the propaganda of touts. Though the rights are available to the consumers under Consumer Protection Act, 1986, yet, what are the rights and how they can be availed, are quite absent. No mechanism is available in the market for immediate education, information, suggestion and confidence build up for the purchase of the commodity. Thus the psychological behaviour of the consumer is also responsible for the deception in the market. Consumer confidence is key to a competitive

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<sup>7</sup> CONSUMER BEHAVIOR: EFFECTIVE MEASUREMENT TOOLS (G. Radha Krishna ed., ICFAI Books, ICFAI University Press 2005).

and flourishing market in European Union (EU).<sup>8</sup> The EU has evolved 10 basic principles of consumer protection:<sup>9</sup>

1. Buy what you want; where you want.
2. If it does not work, send it back.
3. High safety standards for food and consumer goods.
4. Know what you are eating.
5. Contract should be fair to consumers.
6. Sometimes consumers can change their mind.
7. Make it easier to compare price.
8. Consumer should not be misleading.
9. Protection while you are in holidays.
10. Effective redress for cross-border dispute.

The consumer rights under EU seem more comprehensive in comparison to Indian counterpart. The Consumer Protection Act 1986, ensures the right to be protected against the marketing of hazardous goods, against unfair trade practices, to be assured to access to variety of goods at competitive prices, the right to be heard and to be assured that their interests will receive due consideration at appropriate forum, and right to consumer education. The Act provides 3 tier facilities in order to redress the complaints in District Consumer Forum, State Consumer Redressal Commission and at National Consumer Dispute Redressal Commission. No doubt, the Consumer Protection Act, 1986 has brought revolution and awareness among the consumers for their rights, yet the maximum rural consumers are far away from the reach of redressal mechanism. The reason is obvious, the lack of knowledge of their rights, lack of confidence to fight against the organized business guilds, delay in the redressal from the forum, expenditure of money etc. One of the most important reasons is that one does not want to spend money and time in litigation for small purchase whereas everyone is being cheated every time for the small purchase of utmost need. Due to these reasons the empowerment is an urgent need of the rural consumer. There is a provision of Consumer Council in the Consumer Protection Act, 1986; but it is almost neglected.

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<sup>8</sup> SABA NAZMI, CONSUMER RIGHTS: YOUR RIGHT AS A CONSUMER 162 (ICFAI Books, ICFAI University Press).

<sup>9</sup> *Id.* 162.

### **Empowerment Mechanism**

Generally empowerment is understood in terms of rights conferred for the redressal if there is no violation by any one. But the term is not providing the power legally rather mentally and psychologically with confidence. Many of us are being cheated because of naive character without utilizing the cognitive faculty of mind. Therefore, in spite of Consumer Protection Act, 1986 and different types of legislations for different goods and services, the actual benefit is out of the reach of the people. Though the rights conferred under Consumer Protection Act, 1986 are nothing but to empower the consumers in general, i.e., either rural or urban, yet the consumers are unable to decide the quality, brand, local made or industry made; nor there is any agency to guide for their selection according to their means. There is no mechanism or organization to keep watch on artificial scarcity and overcharge in the market. Therefore, market functions entirely on the behaviour of consumer and alluring tactics of the sellers. The rural consumers completely depend upon the fate and luck. Voluntary organizations are not working in this area.

In case of insurance sector, the rural consumers are easily cheated by the insurance agents in misguiding in the selection of the plan, premium amount, and deposit of the same in the insurance office and discharge of the maturity amount. The insurance agents do receive commission on the premium amount of their client but they do not provide services. If they receive money to deposit in the company, they do not do so. Thus their claim is forfeited. Likewise, banking services are far away from the rural folk; *grameen* banks are not working properly nor available in the rural areas. Therefore, every market requires a “consumer watch” as a governmental institution or Non Governmental Organization (NGO) to educate the consumer immediately, protect them from gullible traders, and provide immediate local protection. If the matter is related to the durable goods, the dispute can be referred to the consumer forum through the consumer watch. Therefore, empowerment programs are urgent need to be started from the *gram panchayat* level. The *panchayat* level consumer redressal forum and consumer watch is required. In this movement, the empowerment of the women needs first, because most of the rural purchases are made by the rural women. Another requirement for the support of empowerment is expansion of rural market. Population is increasing but market expansion is not keeping pace with such increase. Therefore, the number of business entities is not in adequate number where competition among the sellers may develop and the consumer may be ultimately benefited. Therefore, market expansion and encouragement for entrepreneurship is also



required. The seasonal character of market has to be changed. It has to be converted into perennial and all the markets are required to be watched by the specific agency as a free aid to consumer awareness. Traders are also required to be motivated for their social responsibility through making the appropriate goods and services available to the potential consumers on reasonable price. Thus, the Consumer Protection Act, 1986 can work sufficiently and efficiently, and protect the interest of rural consumers.

### **Role of Mass Media in Empowerment**

Media, i.e., print, audio or visual, disseminate information about the various goods and services through advertisement but they do not explain the quality, quantity, price, durability, safety, comfort etc. However, the goods are purchased on the basis of trademarks and the advertisement which is the silent salesman. More so, the trademarks are only suggestive not descriptive; but its impression is vital. The visual advertisers are concerned with increase in sale by dazzling attraction. The media-audio, visual or print-is not only to provide political, or social events or sports news, rather consumer friendly problems in the nature of frequently asked questions (F.A.Q.) requires to be made available to the consumer. Since media has a greater reach for 24 hours, it can be a great help in consumer empowerment. Along with, the voluntary organization can be a great aid to help fight manipulation. As to certain channels, i.e., AWAZ deals with stock market, financial institutions analysis, likewise media has to establish rural markets channels for their empowerment. With the help of the analysis, the stock market consumers are benefitted. Likewise, the rural market analysis will help the rural consumers, rural salesman, entrepreneurs, rural management graduates, transporters etc.

It is a great surprise that even today the rural area has no media access. The print media has no reach, nor the electronic media. The villages have no library where newspapers can be subscribed and the rural people can be empowered. Even the village schools do not subscribe newspaper. Despite *panchayat raj* system, even the *panchayat bhawan* committee does not subscribe newspaper. Thus the rural consumers neither are quite unknown about the market activities nor are they trained to understand the bargaining tactic of the businessman. They also do not know about the trademarks. Thus the media is not only to get various information from the rural area, rather it requires to make it possible to disseminate the same by initiating “consumer sponsorship awareness program” through

newspaper. The free circulation of at least 1 newspaper will empower the rural consumers. The electronic media has also greater role to day in this consumer age. But there is another problem related to electricity. It can be removed by solar energy, and the same can be sponsored by the media for continuous access to the market information. The media has to take its corporate social responsibility for rural consumers. The *panchayat* does not play any role in the regulation of market, either for agriculture goods or for consumer goods. If there is a market at far off places, there is lack of ware house/store house for storage purposes. The media has responsibility to unearth the problem and aware the people from monopolistic exploitation.

### **Conclusion**

With about  $\frac{3}{4}$ th of the country population living in the villages, and their ever increasing consumption power, their empowerment is a primary concern to avail them goods and services at reasonable price and save them from exploitation. Since, in the era of globalization, many business houses, big companies and even multinational corporations (MNCs) have placed special emphasis on rural areas to promote their products as well as services. They have designed special communication messages to draw their attention and thereby their purchasing power. But judging from the consumer point of view, no special care is taken to address the issues arising out of the differentiation between urban consumers and rural consumers. The product usage guidelines, manufacturing date, date of expiry of medicine and foils, MRP, description of the content on the packages, weights and price variation etc., are printed on international standard which is out of the common understanding of the rural consumer. More so, they lack bargaining capacity. The information on any package/carton is not in local language. They are not able to examine the trademarks or trade names and the quality of the goods underneath. Therefore, in spite of various consumer friendly legislations and the Consumer Protection Act, 1986 some guidelines/training of marketing is required. In this context, the role of NGO's and establishment of an institution as consumer watch in each market is urgent need to protect the rural consumer's interest. The easy access to consumer watch in the existing market is first before working on any major plan to educate them. Therefore, in order to build up confidence seminars, workshops in rural areas closely linked to the market is essential for practical training on the spot with expert advisers. This will generate employment too.

The Indian concept of consumer rights and education requires simplification and expansion in terms of EU and China. EU model of consumer protection principles can build up confidence among the rural folk. At the sometime, right to information has to be applied towards the private business entities/sellers also as practiced in China.

The Product Liability Law<sup>10</sup> of China has stipulated obligation upon the business operators to present true product information, any “flaw” in the product, i.e., “does not possess good quality or standard of services”, it is punishable. Here under the Consumer Protection Act, 1986 the term “flaw” requires to be added in order to widen the scope of the Act. More so, the efficiency of the consumer redressal forums also requires to be enhanced by addition of more members and benches to *panchayat* level for speedy disposal of consumer problems. The network of consumer forums along with the consumer watch can reduce the exploitation of the rural consumer. Confidence building is a long term strategy and ongoing process. Consumer’s laws and redressal mechanism are the secondary part of the problem. Primary concern for rural empowerment is to make the people aware about the market trends and commodities available in the market, their pricing and quality. China has also amended product quality law<sup>11</sup> to protect the consumers from any deviation from quality. The *panchayat* needs to take proactive role for rural consumer awareness and consumer justice. As there is mass education program, consumer awareness program needs to be started. The village wise consumer *manch* and consumer watch in each market can be a great help to the rural consumers.

Thus, in the age of global market the rural market in India is still in the pre-liberalization stage, and the rural consumers are struggle in between the traders and manufacturers for quality goods, fair price, fair services and immediate redressal. The rural consumers who are guided by their psychology and emotions attached to particular trading house, business men, requires to be rationalized through another consumer movement, i.e., “empowering rural consumerism”. It is possible through the establishment of consumer watch in the market, organizing the rural consumers under consumer *manch* or consumer cooperative society to combat the business guild. At the

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<sup>10</sup> Chapter V, The Tort Law of the People’s Republic of China (2010) P.R.C. Laws & REGS (China).

<sup>11</sup> Product Quality Law of the People’s Republic of China (amended at the 16th Meeting of the Standing Committee of the 9th National People’s Congress on July 8, 2000).

same time, various consumer laws require to be unified or consolidated. The empowerment and enlargement of the consumer forum at *panchayat* level is also a need. Through seminars, workshops in rural areas, confidence building and purchasing skill can be developed for the fair access to market, consumption and socio-economic justice.

