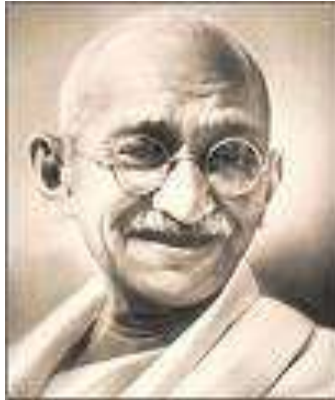


Globalisation, Market and Consumer Protection

**Prof. Suresh Misra
Chair Professor (Consumer Affairs)
Centre for Consumer Studies
IIPA, New Delhi**

- **Welcome to the session on Globalisation, Market and Consumer Protection**
- **In this session we will discuss how globalisation has affected the markets and therefore brought about new challenges in consumer protection**
- **All of us are consumers and we need to be protected against defects in goods and deficiency in services and Unfair Trade practices**

Consumer is King



“The customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption on our work. He is the purpose of it. He is not an outsider on our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us an opportunity to do so”

- Mahatma Gandhi

Consumer Base in India

- **A large consumer base of 1.38 billion constituting nearly 17.31% of the world's population.**
- **More than 50% of India's population is below 25 yrs of age and more than 65% is below 35 years of age. Average age of Indian consumer is around 29 yrs.**
- **34.5 % of the population lives in urban areas and rest in rural. The literacy rate is 74.04%. 79.8 are Hindus, 14.2% Muslims, Christian 2.3%, Sikh 1.7% and others 2%.**
- **The diversity itself is a major challenge for any consumer protection regime.**

Consumer Protection Act 1986

Who is a Consumer?

Any person (firm, HUF, co-operative, association) who buys any goods or hires any service on **consideration (PAYMENT).**

NOT goods or services obtained for resale or for any **commercial purpose (except self-employment).**

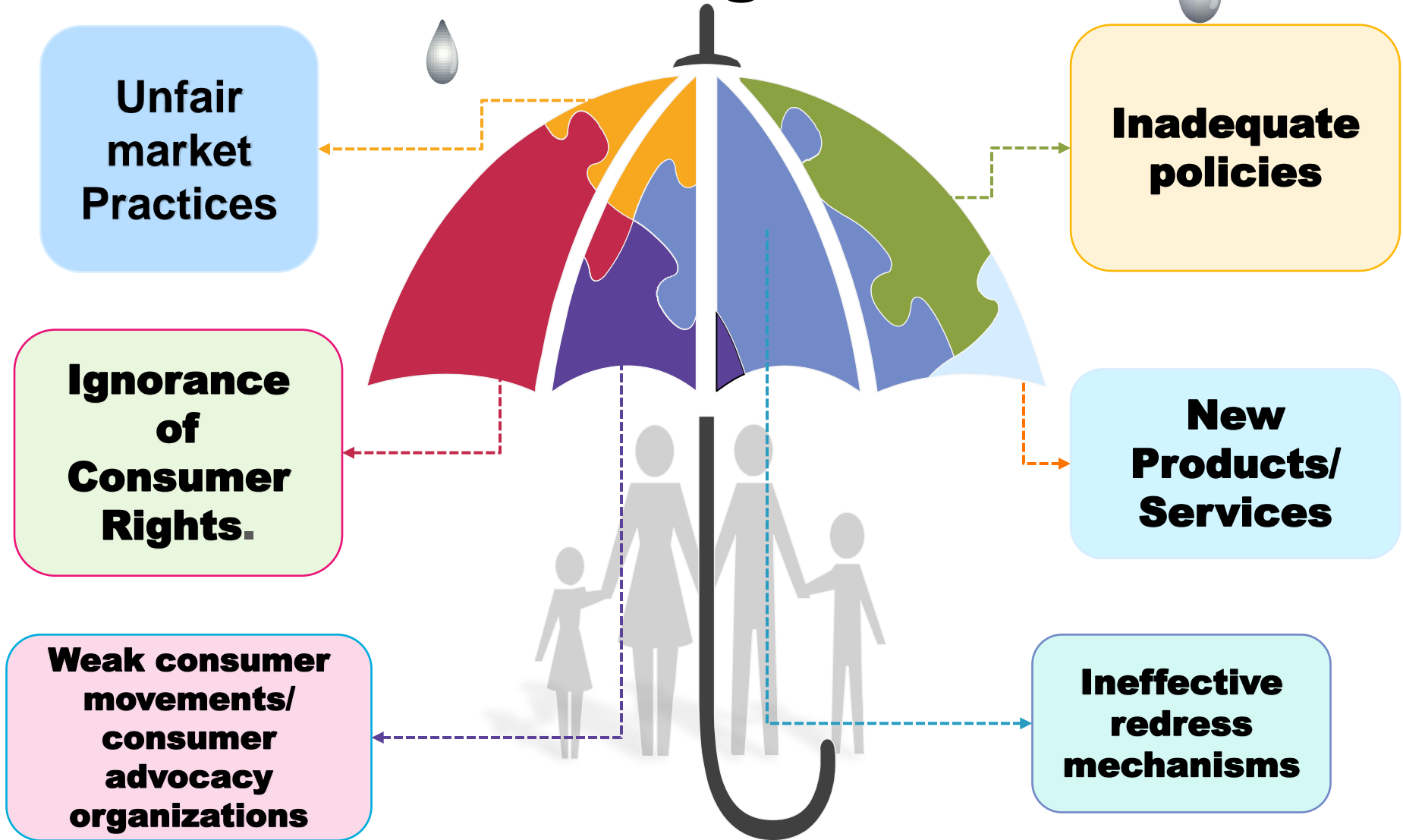
Any service free of charge

- **All of us are consumers**
- **We are consumers from Cradle to Grave**
- **Supreme court says we become consumers even before birth**

Beneficiary is also a Consumer



Risk Areas: What is hurting Consumers



What is Consumer Protection

The concept of Consumer Protection revolves around the notion that consumers should:

- ☐ “Get what they pay for”; (Value for Money)**
- Be aware of the contents of the items they purchase;**
- Be guaranteed of the safety of those products;**
- Be aware of any policies and practices affecting their finances ;**
- Have some recourse for breeches of any of these principles.**

DEFINITION

Consumer Protection Entails;

Promoting and safeguarding the interests of consumers as regards quality safety, standards of products and services ;



Regulating markets to prevent unfair market practices



Promoting fair competition in the markets



Empowering consumer to take rational decisions in the market



Setting up Redressal mechanism, and providing the remedy



“Consumer satisfaction is the biggest infrastructure to build the empire of business”

Factors Affecting Consumers in a Changing Economy

- ➡ **Globalisation and liberalisation**
- ➡ **Increase in disposable income**
- ➡ **Consumers demand new Goods and Services**
- ➡ **Growth of Service Sector**
- ➡ **Evolving structure of the retail sector**
- ➡ **Rapid technological change**
- ➡ **Changing nature of advertising**

Let us understand how Markets have changed

- **Whole business environment has changed.**
- **Markets today are much different than what they used to be (Neighbourhood shops to Malls)**
- **Markets are diverse and fragmented**
- **They are flooded with a variety of good and services**
- **There is competition in the market**
- **Due to expansion in digital technology Payment and credit risks**
- **Aggressive advertisement**

Understanding Today's Consumers

Socio-economic factors play a role in determining how consumers are faring in the new marketplace

- **Changing Demographics**
- **Consumer Literacy**
- **Consumer Finances**
- **Spending Patterns**

Consumer Buying Behaviour

Factors that influence consumers buying behaviour:

A) Psychological Factors

(Motivation, Personality, Perception, Attitude)

B) Socio-cultural Factors

(Family, Informal sources, Social class ,Culture)

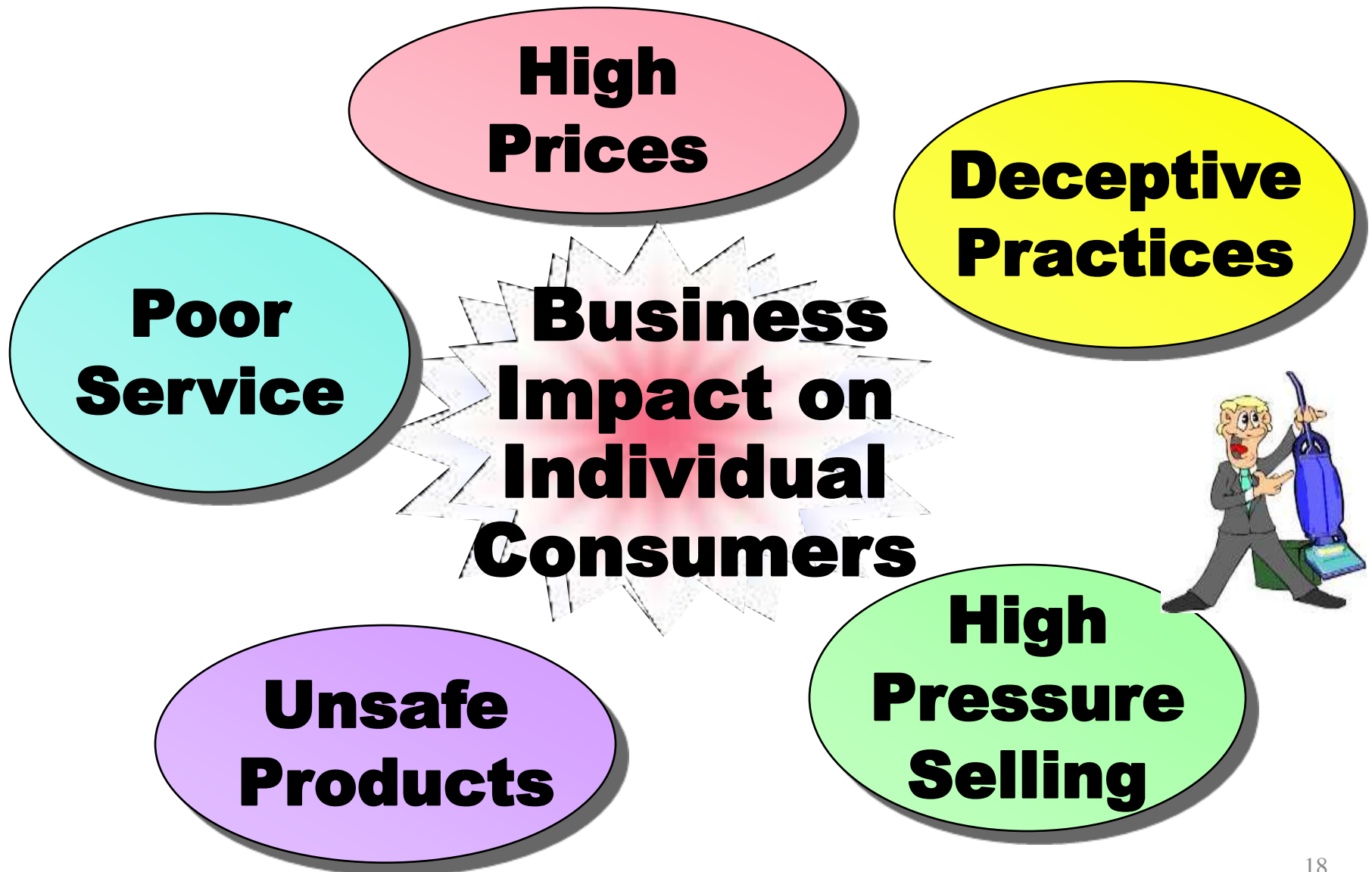
C) Marketing Factors

D) Environmental Factors

Important to Protect Consumers Interest Against 3D's

- **Defects in Goods**
- **Deficiency in Services, and**
- **Deception in Trade Practices**

Social Criticisms of Business

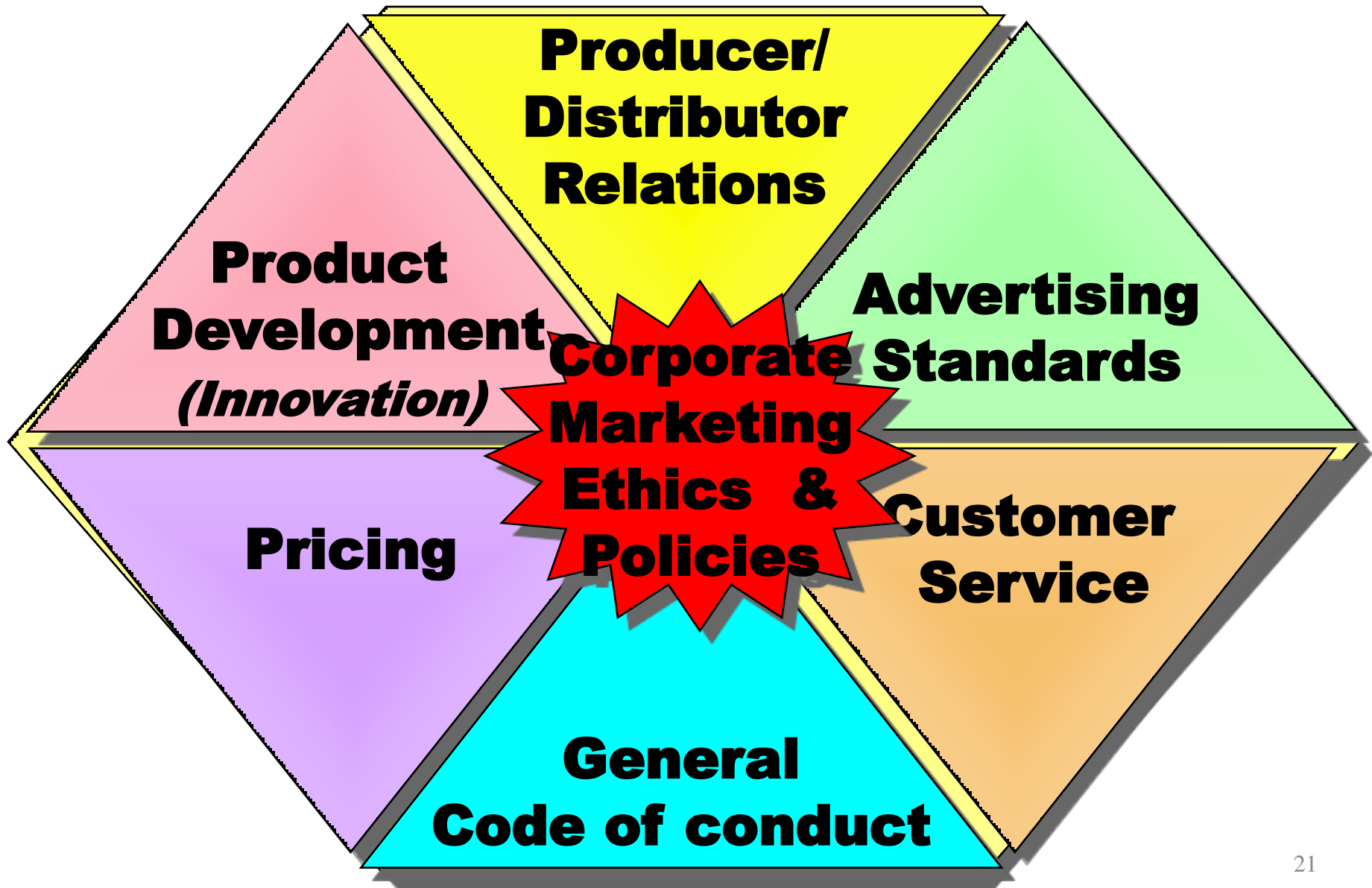


FICCI, CII, KPMG & AC NIELSEN SURVEY

- **10- 30% of Cosmetics, toiletries, packaged food are counterfeit**
- **10% of Soft Drinks are spurious**
- **20- 30% of Electronic goods and computer peripherals are counterfeit**
- **Rs. 4000 crore worth of spurious drugs are sold every year**
- **Unscrupulous fish whole sellers are using Formalin, a toxic a carcinogenic chemical commonly used to preserve dead bodies in mortuaries to prevent fish from deteriorating during transportation**

- **40-50%** Engineering goods in open market are spurious
- **30-40%** Building Material in open market are spurious
- **10-20%** of Degrees / Diplomas / Certificates are Fake
- **277 fake** engineering colleges in India (Without AICTE Approval , **25% in Delhi** (**66%**))
- Nearly **50%** products sold in Rural markets are fake/counterfeits. (IIPA report)
- Of the **30 FMCG's** surveyed by AC Nielsen, some had 20 or more look- alike

Business Ethics



Common Pass off / look –alike Products

- **Sunsilk**
- **Clinic Plus**
- **Colgate**
- **Vicks Vaporub**
- **Fair & Lovely**
- **Sun light**
- **Sunslik**
- **Climic Plus**
- **Golcate**
- **Vips Rub**
- **Fare & Loly**
- **Sun tight**

Pesticide Percentage in Soft Drinks According to Indian Medical Association

Sl. No	No of the Soft Drink	Percentage of Pesticide
1	Thumps up	7.2
2	Coke	9.4
3	7 up	12.5
4	Mirinda	20.7
5	Pepsi	10.9
6	Fanta	29.1
7	Sprite	5.3
8	Frooti	24.5
9	Maaza	19.3

Food Adulteration in India

- **Food adulteration is common both in rural as well as urban areas. According to studies the percentage of adulterated food varies from 30-35 percent**
- **25-30 percent edibles sold in the market are intentionally adulterated**
- **It is estimated that 90 percent of vanaspati sold in the market violates the specifications of FSSAI**
- **We continue to use 67 pesticides that are banned in one or more countries**

Are Packaged Food Products Genetically Modified

- **Centre for Science and Environment (CSE) , tested 65 imported and domestically produced processed food samples.**
- **Overall, 32% of the food products were GM positive, with a whopping 46% of imported food products also testing positive.**
- **13% did not mention use of GM ingredients on their labels**
- **About 17% of the samples manufactured in India tested positive**

National Survey on Adulteration of Milk – An Overview

% of Sample Found Adulterated	States and UT
Below 20	Goa, Tamil Nadu, Andhra Pradesh, Puducherry,
20-40	Karnataka, Kerela
40-60	Assam, Madhya Pradesh, Dadra & Nagar Haveli, Himachal Pradesh, Chandigarh
60-80	Arunachal Pradesh, Delhi, Haryana, Maharashtra, Rajasthan
80-100	Bihar, Chhattisgarh, Daman & Diu, Gujarat, J & K, Jharkhand, Manipur, Meghalaya, Mizoram, Nagaland, Orissa, Punjab, Sikkim, Tripura, Uttarakhand, U.P., W.B.

Source: *Food Safety and Standard Authority of India (FSSAI, 2011)*

- **From life saving drugs to LED bulbs and FMCG products the market is flooded with fake and unsafe goods that don't comply with quality, price or safety norms**
- **Size of Counterfeit FMCG market in India worth 68,000 crores.-FICCI –KPMG Report**
- **At present counterfeiting causes around Rs 1.05 lakh crore losses to India per annum**
- **48% of LED bulbs brands had no mention of manufacturers address & 76% don't comply with safety norms**

Duplicate Products









Balanced
Taste

TATA[®] Salt

Vacuum[®] Evaporated
Iodised

OVER
30
YEARS OF
TRUST

Iodine
Guarantee | Helps Mental
Development*



New Pack



TATETM SALT



Iodine
Guarantee

रिफाइन्ड
आयोडीनयुक्त नमक

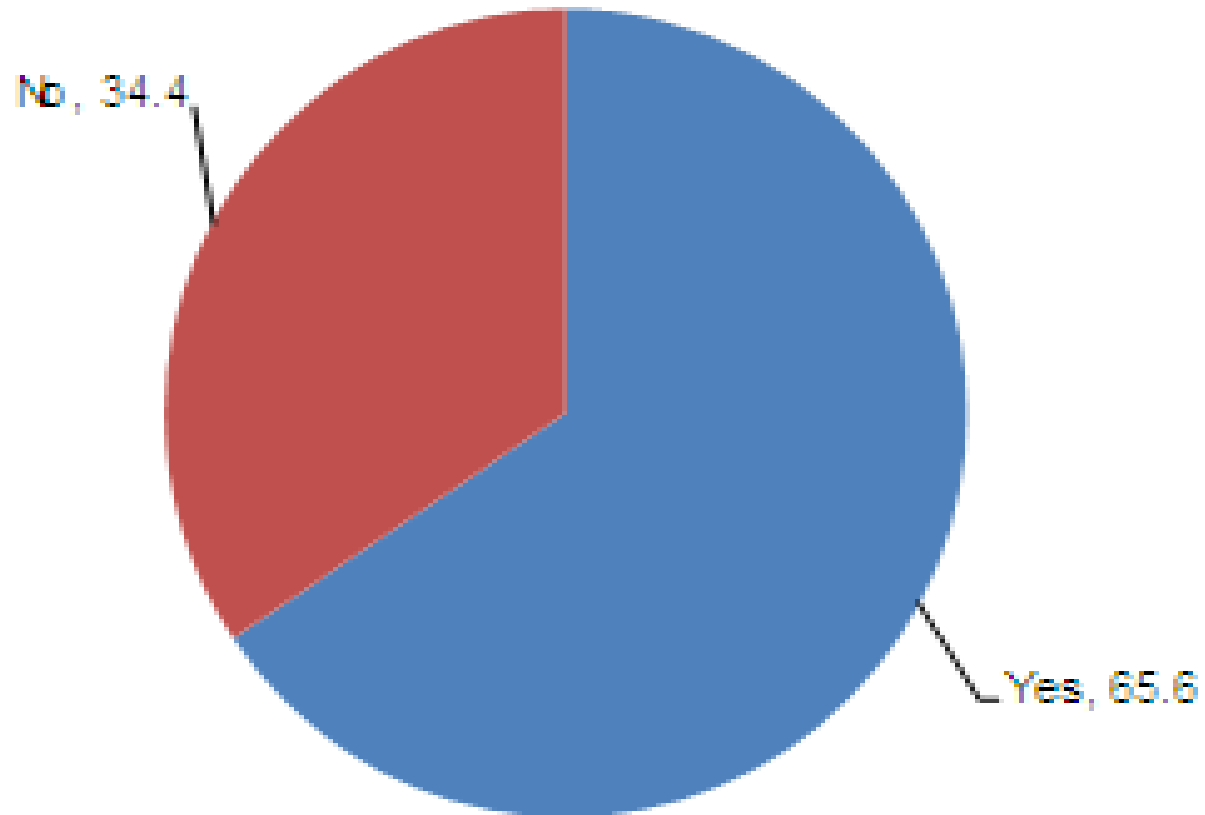
Net Quantity : 1 kg

In a world of Belsri, Bilseri and Brislei be a Bisleri.

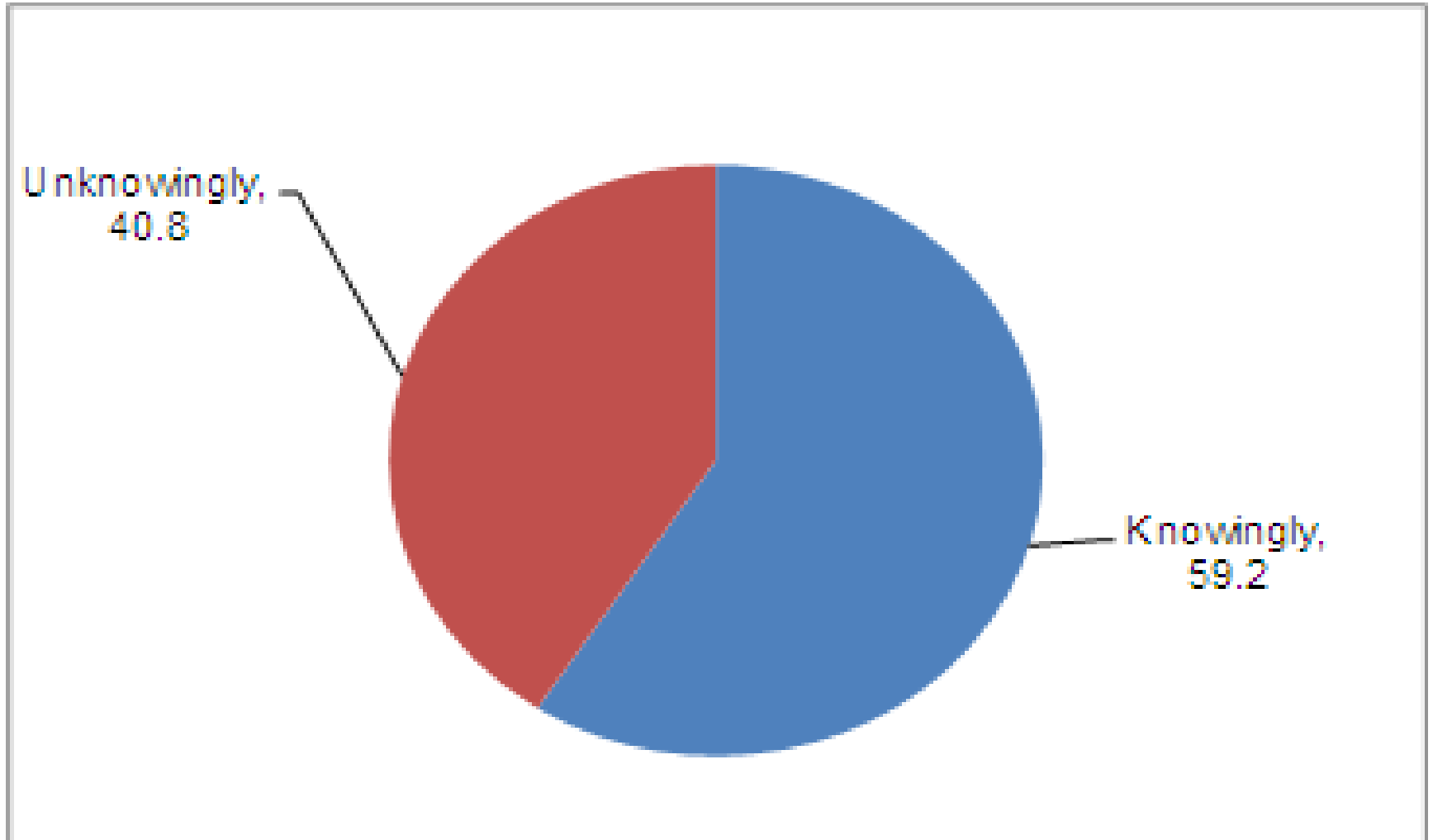


Consumers Ever Purchased Fake Products

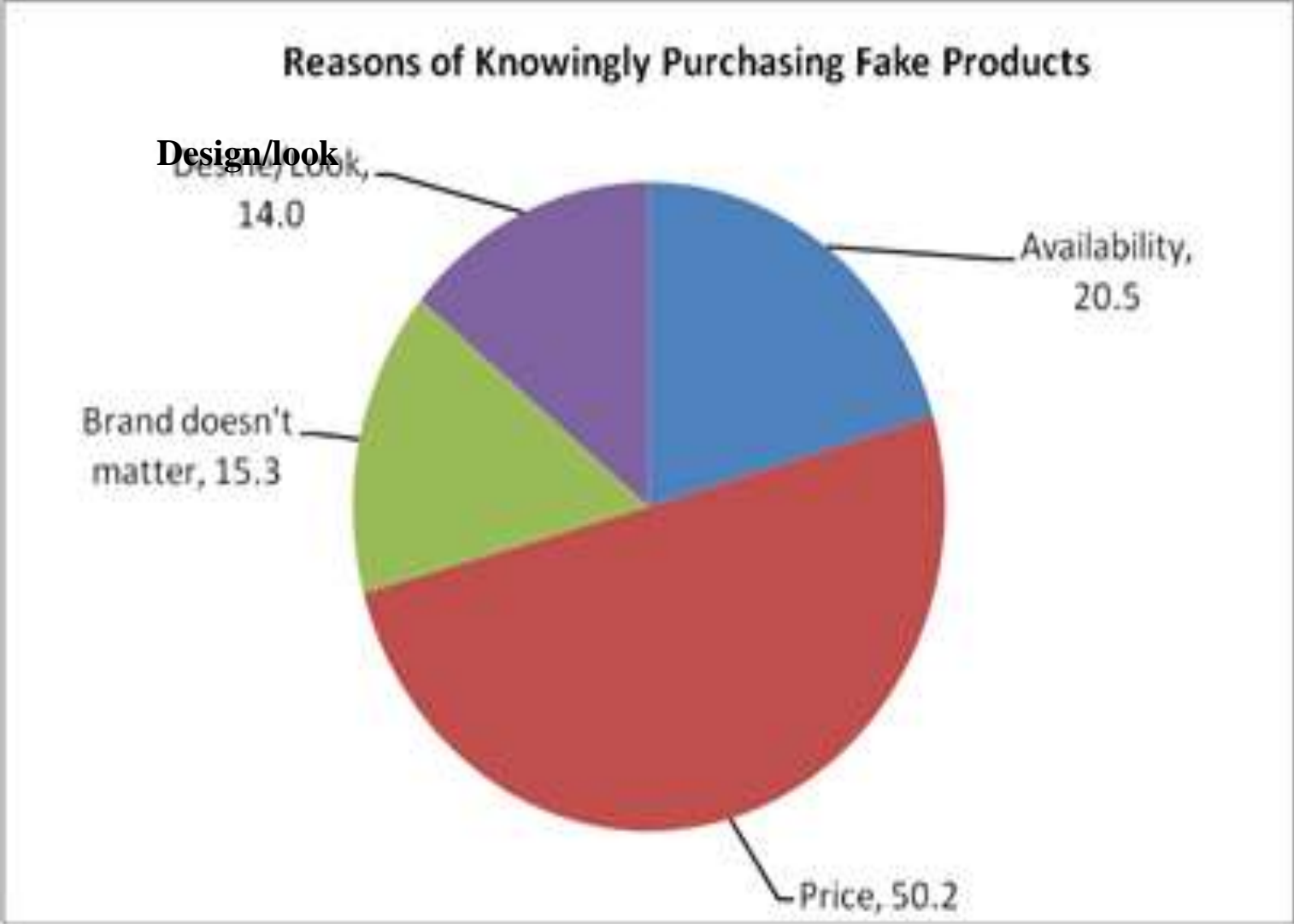
Consumers ever purchased fake products



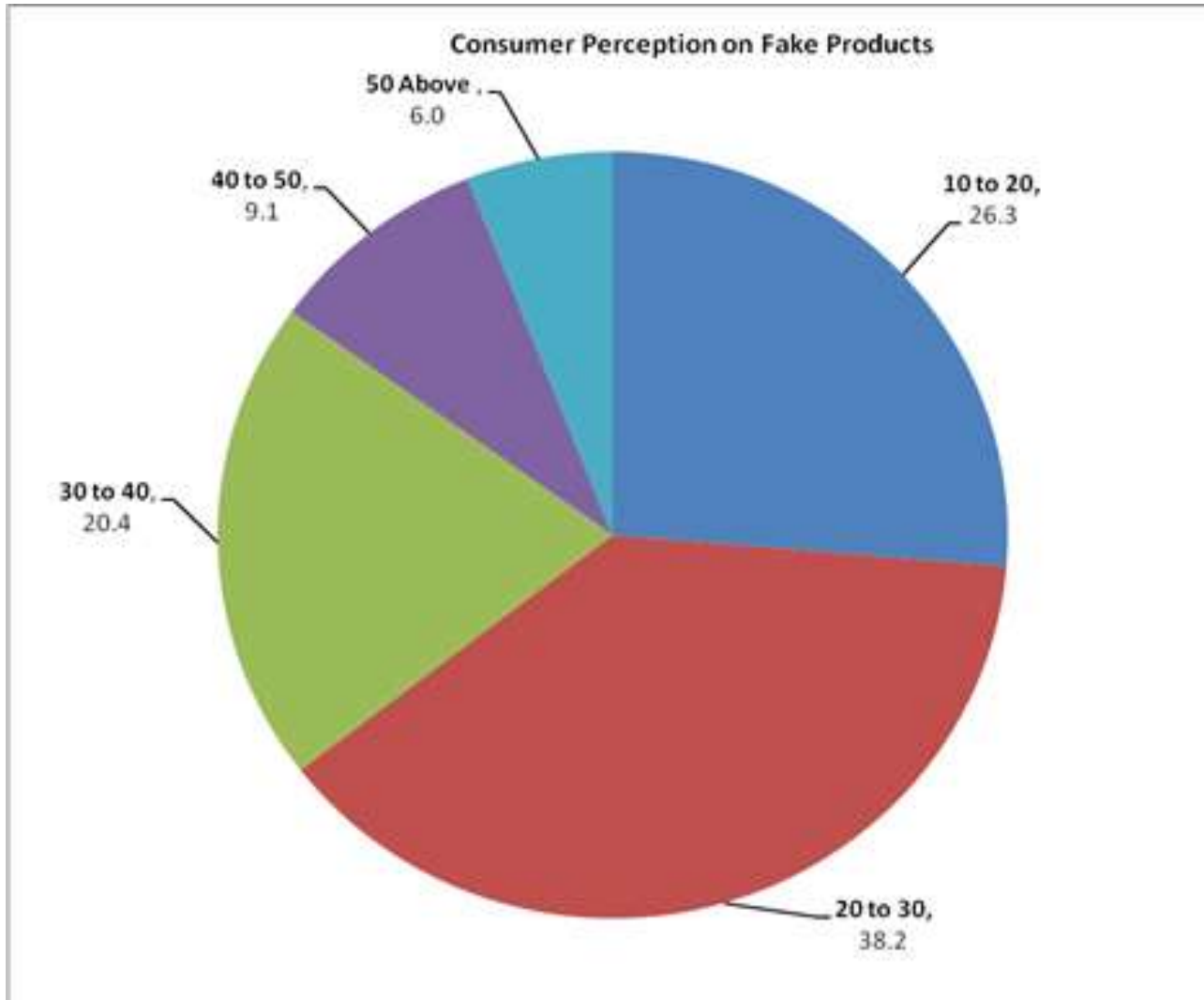
How Did Consumers buy Fake Products



Reasons for Knowingly Purchasing Fake Products



Consumer's Perception on Availability of Fake Products in the Markets



Compulsive Shopping

- **Some consumers “shop till they drop” because shopping can become an addiction similar to alcohol or drugs.**



- **They do not realize the harm that many of the products may cause**

Negligent Consumer Behavior

- **Negligent behavior is composed of actions and inactions that may negatively affect the long-term quality of life of individuals and society.**
- **This type of behavior can occur in two different contexts:**
 - **Product Misuse**
 - **Use of Hazardous Products**

Product Misuse



- Many injuries result from misuse of a safe product - not from product defects.
- Using a cell phone while driving is outlawed
- “The most dangerous component is the consumer, and there’s no way to recall him.”



BEFORE



AFTER

Fair and Lovely Advertisement

- **GOREPAN SE KAHIN
ZYADA SAAF GOORAPAN**

REAL FOOD

that is nutritious and
good for babies' health
and growth

An advertisement for the Flair Write Meter Pen. The headline reads "WORLD'S LONGEST WRITING PEN". The brand name "Flair" is in a red box. Below it, "Write Meter PEN" is written. Two pens are shown: a blue one and a black one. A woman and a child are smiling in the background. A speech bubble says "SINGAPORE". At the bottom, there is text about the distributor and availability.

WORLD'S LONGEST WRITING PEN

Flair

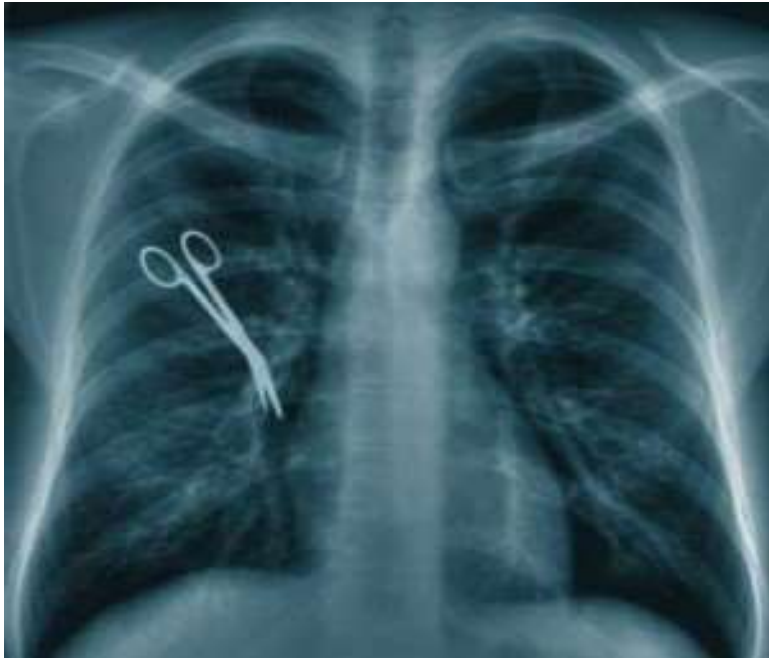
Write Meter
PEN

SINGAPORE

Available in all Leading Stationery & Gift Stores

“Conybio Health Care”: Gujarat

- **Socks for Acidity**
- **Sun shade to cure migraine and sun stroke**
- **Palm guards for Parkinson**
- **T-Shirt for High and Low Blood Pressure**
- **Bed Sheet for Paralysis**
- **Short pants for acidity, prostate, piles and other problems of urinary systems.**



So Is the Consumer Safe in the Market ?



Main Areas of Concern

- **Public awareness on consumer rights**
- **Consumer behaviour**
- **Influence of advertisements**
- **Violation of consumer rights in different sectors**
- **Lack of channels of information relating to consumer protection**
- **Poor Consumer Complaints and Redressal Mechanism**

KEY ELEMENTS OF AN EFFECTIVE CONSUMER PROTECTION REGIME



Well designed regulations governing supplier behaviour



Consumer access to information about rights and responsibilities (risks in the market)



Ability to make well informed decisions based on comparable price and quality of service information.



Access to effective complaints handling processes, including redress; and



Protection of personal data/privacy



Active monitoring and enforcement

Lets Celebrate

- **24th December: National Consumers Rights Day**
- **15th March International Consumer Rights Day**

THANK YOU

