



Exploitation of Consumers

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ABSTRACT

The consumers who have only limited awareness so cannot always stick with the initially desirable alternative when facing a tempting option. Assuming that consumers are unaware of their dynamic inconsistent choice at the time of committing to interact with the monopolist, we characterize the optimal menu for the monopolist. Unless the consumer's awareness is very strong, the optimal menu includes three options, (i) one he believes he will choose, (ii) one that is less desirable but tempting and prevents him from choosing the first alternative and (iii) one that is between the first two alternatives in terms of both desirability and temptation. Our result illustrates that the monopolist designs a contract that actually induces the compromise effect due to the limited awareness.

Keywords: Awareness, Information, marketing, hoarding, consumerism.

Introduction

Consumers are buying a variety of goods and services in our day to day life and derive satisfaction from its consumption and use. Thus we all are consumers, and as a consumer, we expect a certain value for money, that is, right quality, right quantity, right prices, information about the product, etc. However, in the present day, we end up being harassed and cheated by market giants very often. In early days, unfair trade was almost impossible with limited wants and a conservative style of living. However, today, with increased industrial revolution, liberalization and globalization, our wants have increased manifold and this has given plenty of scope for malpractices.

Consumer Rights

In the 20th century, the presence and influence of the market grew dramatically in consumer life. We began to purchase things from the market for a price. Soon, mass production and industrial production came into being, giving the consumer world an entirely new dimension. Have you ever wondered how much urban consumers depend on the market for fulfillment of even their basic needs. This over-dependence on the market and the inherent profit motive in mass production and sales has given manufacturers and dealers a good reason to exploit consumers. As a consumer, you would know how market products are constantly under-weight, of inferior quality and do not prescribe to quality standards specified by quality-control agencies. Consumers not only do not get value for their money but also often have to suffer losses and inconvenience due to market manipulations

Meaning of consumer

a consumer is a person who consumes or uses any goods or services. Goods may be consumables like wheat flour, salt, sugar, fruit etc. or durable items like television, refrigerator, toaster, mixer, bicycle etc. Services refer to items like electricity, cooking gas, telephone, transportation, film show etc.

Normally, it is the consumption or use of goods and services that makes the person to be called as 'consumer'. But in the eyes of law, both the person who buys any goods or hires any service for consideration (Price) and the one who uses such goods and services with the approval of the buyer are termed as consumers. For example, when your father buys apple for you and you consume them, your father as well as yourself are treated as consumers. The same thing applies to hiring a taxi to go to your school. In other words, even the buyer of goods and services whether he uses them himself or purchases them for consumption or use by some other person(s) is treated as consumer in the eyes of law.

Main Factors Responsible for the Exploitation of Consumers in India

There are many factors which are responsible for the exploitation of consumers in India.

(a) Limited Information:

In a capitalist economy the producers and the sellers are free to produce any goods or services in any quantity and there is no regulation on prices. In that case it is the duty of the producers and sellers to furnish full information about their product to the consumers. In the absence of timely and correct information like the price, quality, composition, terms of purchase, guarantee/warranty etc., and the consumers may make a wrong choice and lose their money.

(b) Limited Supplies:

The consumers are exploited when the goods and services are not available in the market to the required amount or quantity. This makes or gives chance for black marketing & hoarding, of the goods etc.

(c) Limited Competition:

At times only one producer or a group of producers produce some products. So they control the production and supply of

certain goods. Thus they manipulate the prices of their products by making these non-available for certain period. So the prices rise high and the benefit goes to that particular group causing loss to the customers.

(d) Literacy:

Illiterate people are very easily exploited by the sellers. Due to low literacy the level of consumer consciousness in our country is very low. It benefits the producers and sellers in keeping the rates of their products high and earns more profit. Thus the consumers are easily exploited.

Consumer Exploitation in Indian Market

Consumer Exploitation is widespread in many rural areas in India. This occurs mainly due to the lack of awareness among people and also due to the manipulative mentality of certain sellers. Consumer exploitation in India can take the shape of many forms.

underweight and under measurements

Most of the shops in India are basically small shop next door ventures. Such shops are mostly not following the common regulations regarding the sale of goods. The number of such small ventures is too high in any area and there is no adequate staff in the regulatory bodies to monitor them. The consumer needs to be aware of this problem and before buying needs to ensure that the weights used by these shops are with respect to the regulations and that those have been tested at specific intervals. If the shopkeeper is not willing to oblige to this terms, it is the responsibility of the consumer to inform the necessary authorities regarding this issue.

What are the causes of consumer exploitation?

1. Illiteracy and Ignorance:

Consumers in India are mostly illiterate and ignorant. They do not understand their rights. A system is required to protect them from unscrupulous businessmen.

2. Unorganized Consumers:

In India consumers are widely dispersed and are not united. They are at the mercy of businessmen. On the other hand, producers and traders are organized and powerful.

3. Spurious Goods:

There is increasing supply of duplicate products. It is very difficult for an ordinary consumer to distinguish between a genuine product and its imitation. It is necessary to protect

consumers from such exploitation by ensuring compliance with prescribed norms of quality and safety.

4. Deceptive Advertising:

Some businessmen give misleading information about quality, safety and utility of products. Consumers are misled by false advertisement and do not know the real quality of advertised goods. A mechanism is needed to prevent misleading advertisements.

5. Malpractices of Businessmen:

Fraudulent, unethical and monopolistic trade practices on the part of businessmen lead to exploitation of consumers. Consumers often get defective, inferior and substandard goods and poor service. Certain measures are required to protect the consumers against such malpractices.

6. Freedom of Enterprise:

Businessmen must ensure satisfaction of consumers. In the long run, survival and growth of business is not possible without the support and goodwill of consumers. If business does not protect consumers' interests, Government intervention and regulatory measures will grow to curb unfair trade practices.

7. Legitimacy for Existence:

Business exists to satisfy the needs and desires of consumers. Goods are produced with the purpose of selling them. Goods will, in the long run, sell only when they meet the needs of consumers.

8. Trusteeship:

Businessmen are trustees of the society's wealth. Therefore, they should use this wealth for the benefit of people.

Conclusion:

Consumerism/Consumer Awareness in India is growing day by day. Consumer Associations, Business Associations and Government Legislations are working to safeguard the interests of the consumers. The consumer protection Act 1986 is the benevolent social legislation intended to protect the large body of consumers from exploitation. It has become vehicle for enabling consumers to secure speedy and inexpensive redressal of their disputes. It clearly specify the concept of goods, services, defect, deficiency etc. It clearly explains the procedure for filing complaint, relief available, appeals etc. It is working as a three tier system (District, State, and National) as quasi-judicial machinery.

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