



ISSN NO. 2320-5407

Journal homepage: <http://www.journalijar.com>

INTERNATIONAL JOURNAL
OF ADVANCED RESEARCH

RESEARCH ARTICLE

Consumer Protection, Awareness and Welfare in India under Globalized Marketing - A Case Study in Kolkata

Sarmistha Agasti¹, Madhabendra Sinha², Prof. Partha Pratim Sengupta³

1. Research Scholar, NIT Durgapur, W.B.Petroleum Conservation Research Association (PCRA) Under Ministry of Petroleum & Natural Gas, Govt. of India

2. Research Fellow in Economics Department of Humanities & Social Science National Institute of Technology Durgapur, India

3. Department of Humanities & Social Science National Institute of Technology Durgapur, India

Manuscript Info

Manuscript History:

Received: 18 August 2015

Final Accepted: 22 September 2015

Published Online: October 2015

Key words:

Globalization; Consumer
Protection; Consumer awareness;
Pricing issues; Logistic
Regression.

*Corresponding Author

Sarmistha Agasti

Abstract

Consumer protection, awareness and welfare are the main challenging issues to modern day Globalised Marketing in India. Consumer Protection offers business to re-examine its marketing policies and programmes for meeting the ever growing needs of consumer welfare. It is being steadily transformed to a market of buyers who exercise the choices depending on their level of awareness from a market containing predominantly sellers. Consumers' rights can be protected in an economy with the competitive markets if correct standards for the commodities for which one can make a payment have been ensured by the involvement of an institutional network and system of legal protection. Our paper has tried to focus on the protection and welfare of Indian potential consumers in the markets by showing their activities with the purchase of any product or service varying across the country. Compared to the developed countries, the levels of consumer awareness with a large population like India is much lower. This is rooted in economic inequality, low levels of literacy and ignorance. Because of this, consumers are not able to assert their rights and on many occasions are exploited by the trade and industry and service providers. Protecting and promoting the welfare of consumers has thus become one of the major concerns. On the basis of our empirical findings by applying the econometric methodology of simple linear and logistic regression with cross sectional data collected from a primary survey conducted in Kolkata Municipal area. Regular monitoring of the legislation to protect the consumers and promoting the welfare of the consumer is the ultimate aim of the study.

Copy Right, IJAR, 2015,. All rights reserved

INTRODUCTION

There is a general feeling among consumers of all sections of society that their rights are not adequately recognized and their interests not properly safeguarded. The main cause of this thinking is the high prices of almost all consumer goods. It is natural that when a person pays more, these expectations from the product purchases also become greater. Considering these things, the rhetoric of consumer protection is based on the reality of consumer dissatisfaction.

Consumer Protection has been a neglected aspect in our country. Not much research has been conducted on these issues; Verma(1980) made an attempt in studying the regulation of restrictive trade practices, and consumer protection and the other Acts and Regulations related to consumer protection were covered.

Consumers are the lifeblood of economic phenomenon. The objective of all production is sale by increasing number of consumers. Thus consumers occupy a very important place in the success and failure of a business, without consumers no business world survive. Consumers' satisfaction is the ultimate aim of all business activities. Industrial revolution gave us mass production which in turn demanded mass distribution techniques. Instead of sellers' market, we come across buyers' market. It is said that in a buyers' market, consumer enjoys supremacy and the consumer becomes the 'King' in the market. But in real practice, we see a different picture in India. The consumer is mostly neglected and exploited by unscrupulous businessman.

- i) Adulteration of goods,
- ii) Poor quality,
- iii) False measures and weights,
- iv) Lack of service and courtesy,
- v) Misleading and false advertisement.

-----are instances, where consumer is generally victimized by clever and dishonest businessmen.

2. SPECIFIC RESEARCH OBJECTIVES OF THE STUDY

The objective of the research can be stated as follows:

- To examine the status of the retail sector in India in the Consumer goods,
- To examine the nature of Consumers Protection and grievance redressal system for safeguarding or promoting consumers welfare.
- To examine the above two will be examined by taking the Kolkata Municipal Corporation area at the field of study where we will conduct our survey from households to enquire into their grievances and their awareness of grievance redressal mechanism and whether they respond to it.
- To assess the state of complaint management system of Municipal Agency.
- To search whether there is any risk involve in formal complaint management system.

3. CONSUMER PROTECTIONS AND WELFARE : SOME RELATED ISSUES

3.1 Consumer Awareness and Grievance Redressal

3.1.1 Publicity

A major trust has been given to consumers, to concern about their rights and the ways to get the grievances redressed. The programme under the eleventh plan also covers the publicity on others like education, energy, telecom, housing etc. Here we should mention a widely popular "Jago Grahak Jago" programme.

3.1.2 Consumer Protection

The various types of consumers would be strengthened by providing trainings, buildings, computerization etc. Different help lines will be set up in states to guide the consumers. Total outlay for the different kind of activities has been increased. There are some non plan activities like supporting the voluntary organizations to awareness generation, comparative testing, assistance to the consumers and further research.

3.2 Laws and related Instruments

3.2.1 Essential Commodities Act, 1955

Having a legislation "Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980", the act controls black marketing, non-competitive practices to addresses the consumers' right.

3.2.2. MRTP Act, 1969

To control the monopolies and different restrictive trade practices, the Monopolies and Restrictive Trade Practices Commission (MRTPC) has been created under this Act, enjoying the power to play a very important role to protect consumer rights.

3.2.3 Consumer Protection Act, 1986 and its amendment in 1993, 2002

To protect the consumers' right and provide a dispute resolution in a simple system of quasi-judiciary, the act has been enacted. State and central level consumer protection council have been established under this act. The MRTP and COPRA Act play the complementary role between themselves to protect unfair business practices.

3.2.4 Competition Act, 2002

It has been set up to replace the MRTP Act, having more emphasis on behavioural approaches in testing the competitions in market rather than the structural approaches. Competition Commission of India (CCI) has been created by the act, which has a advocacy role in competition. The Act is intends to "protect the interests of consumers." Till now the Competition Act, 2002 is operating in full and the MRTP Act is continuing to be in force.

3.3 Consumer Redressal Forums

A simple quasi-judicial system has been set up to provide speedy, cheap and redressal to disputes in consumers at district, state and central level. District level it is called as district forum and central and state level it is called as consumer disputes redressal commission. The National level Commission has been constituted in 1988, chaired by sitting retired Judge of Supreme Court with an at least one woman member. Similar formula has been applied in case of state and district level.

4. RESEARCH METHODOLOGY

Call centre success may be measured in at least two ways (Anton, 1997). It can be a measure of specific operational service levels and associated financial measurements that are all quite objective and quantitative. It also can be a function of the softer skills such as customer relationship building and the end users perception of the interaction. To measure those emotional traits, the researcher would need to see the situation through the eyes of the participants and engage a qualitative design.

4.1 Econometric Methodology

4.1.1 Linear Regression Model

The assumption of the sample of “with replacement” is convenient to discuss the linear regression model at the preliminary stage. Further we assume that the analytic file of observation data are including the index variables for strata, has been designated by ‘h’ and primary sample units (PSUs) have been designated by ‘i’. The variables in additional structure do not require to be identified when we want to use the design assumption of “with replacement” at the initial stage of selection of sample.

The total implications of using the sample design from a complex household have been incorporated into the model coefficients estimates and standard errors among them when we use a statistical package which accounts properly for the design of household survey including the weights of analytic and the structure of design. Our focus moves to incorporate the structure of design into the model and analysis will permit the effects estimation related to structure variables at the time of the discussion of multi-level models. A model of linear regression, involving one continuous and one categorical explanatory variable can be written as following:

$$y_{hij} = \alpha x_0 + \beta_1 x_{1hij} + \sum_{d=1}^D \gamma_d x_{2dhij} + \varepsilon_{hij} \quad (1)$$

In the above equation (1), the observations have represented by y_{hij} as the observed dependent variable, x_0 as an intercept variable, which set to 1 always; x_{1hij} as an observed continuous explanatory variable, x_{2dhij} as a set of indicator variables defining a categorical variable with the levels of D. The parameters in regression model, α , β_1 , γ_d and $d=1....D$, are termed as the regression coefficients, have been estimated by our analysis. The term ε_{hij} is the error term in our model, measures the deviation from the model associated with the observation of ‘j’, associated with ‘i’th sample unit of ‘h’th stratum. This is a model of main effects as it is not containing any interaction effect.

4.1.2. Least Square Estimation

The classical linear regression model of ordinary least square (OLS) can be expressed as follows in equation 2, where y_i is dependent variable, x_i is the independent explanatory variable, b_0 is the regression constant, b_1 is the regression coefficient for the effect of x , and e_i is the error we make in predicting y from x .

$$Y_i = b_0 + b_1 X_i + e_i \quad (2)$$

We can begin by rearranging our basic equation of OLS for the bi-variate case as follows in equation 3.

$$e_i = Y_i - b_0 - b_1 X_i \quad (3)$$

Now we are trying to minimize the sum of the squared errors of prediction i.e. e across all cases and mathematically it can be expressed as follows in equation 4.

$$\sum_1^n e_i^2 = \sum_1^n (Y_i - b_0 - b_1 X_i)^2 \quad (4)$$

In terms of calculus this means we want to find the critical points of a function. We want to find the values of b_0 and b_1 that minimize the function. To do this we take a first derivative of function (4) with respect to b_0 and set it equal to zero and solve for b_0 . When we do this we get the function as following:

$$b_o = \frac{\sum Y_i - b_1 \sum X_i}{n} \quad (5)$$

If we take the first derivative of (4) with respect to b_1 and set it equal to zero and then solve for b_1 we get the following equation:

$$b_1 = \frac{n \sum X_i Y_i - \sum X_i \sum Y_i}{n \sum X_i^2 - (\sum X_i)^2} \quad (6)$$

Equations (5) and (6) are giving us the formulas that we need to find the values of b_0 and b_1 that estimate the true population relationship between X and Y. If we plug (6), the formula for b_1 , into (5), the formula for b_0 , we may also write b_0 as follows:

$$b_o = \frac{\sum X_i^2 \sum Y_i - \sum X_i \sum X_i Y_i}{n \sum X_i^2 - (\sum X_i)^2} \quad (7)$$

4.2 Design, Population and Sample

The study will be exploratory cum causal in nature. The population of the study would constitute people who lodged complained to the area of Kolkata Municipal Corporation, West Bengal. The complainants would be selected at random from the list of the complainants across seasons and across all major types of complaints

5. DATA COLLECTION:

To fulfill our objectives by understanding the behaviour of shopping of Indian consumers and how they have been impacted by modern retail outlets, a primary survey has been conducted in December, 2014 to April, 2015 covering 400 consumers from Kolkata Metropolitan area. We have collected the data through a mix of exit interviews, door to door surveys and random interviews in different shopping malls and market areas. The samples have been selected by using a technique of stratified random sampling. We stratify the entire population on the basis of their level of income, level of education, occupation and their area of living. We have divided the entire data on respondents into three broad categories on the basis of their income level as following - low income group: Rs. 10000/- to Rs. 15000/-; middle income group: Rs. 15000/- to Rs. 20000/- and rich over Rs. 20000/- to Rs. 25000/-. Socio-Economic Classifications (SEC) of the consumers has been identified from five sub-areas, where there is the presence of modern retail. Around 90 percent of total respondents were in the age group of 20 to 60 years, constituting the core of working population and the decision makers in maximum household. Fifty six percent of the respondents were male. We conduct our survey by using a semi-structured questionnaire. A major part of the questionnaire has been kept open ended to be informed as much as possible. Our questions have mainly focused on:· The factors, which are affecting the choice of branded products. Type of expenditure of consumer across different categories of products and brands within all categories of products.

- Knowledge of consumers about retailing in outlets.
 - Preference of consumers across modern retail outlets.
 - The factors affecting the choice of consumers across retail outlets with rating across different kinds of parameters.
- We have analysed the data collected from our primary survey by using different regression models and the results have been summarised in the data analysis section.

6. DATA ANALYSIS:

The regression results from table 1 depict that a 100 percent increase in per capita family income will lead to a 21 percent enhancement of interest on essential commodities for the respondents. We also find that the 9 percent variations of the marketing of essential commodities have been explained by the ages of the respondents. Area of living identified by metropolitan area (U) and non-metropolitan area (R) has also a significant impact on the demand of essential commodities. A demand for commodities marked as essential is significantly higher to the educated

persons. With the 100 percent increase in education level leads to 19 percent increase in those commodities in Kolkata.

Table 1: Estimated Statistics of Least Square Estimation

<i>Dependent Variables</i>	Essential Commodities			Electronic Goods			Gems & Jewelries		
<i>Independent Variables</i>	Coeff.	t Stat.	Prob.	Coeff.	t Stat.	Prob.	Coeff.	t Stat.	Prob.
Age	0.09	5.81	0.02	0.11	2.09	0.39	0.13	6.47	0.01
Per Capita Income of Family	0.21	10.23	0.00	0.29	13.98	0.00	0.11	5.59	0.02
Level of Education	0.19	7.29	0.00	0.31	9.43	0.00	0.09	1.55	0.52
Area of Living (U = 1 / R = 0)	0.18	6.24	0.01	0.05	1.89	0.49	0.06	1.71	0.48
<i>Model Statistics</i>	R square = 0.28, F statistics = 19.64, $p > t = 0.00$			R square = 0.21, F statistics = 16.89, $p > t = 0.01$			R square = 0.17, F statistics = 16.04, $p > t = 0.02$		

Source: Authors' estimation in Stata 12 software by using primary data from Kolkata

Per capita income and level of education are having significant impacts on electronic goods where as in case of gems and jewelry products age and per capita family income are only the significant factors as shown in table1.

7. CONCLUSION AND RECOMMENDATION

Protection and welfare of the consumers have been a key component to the policy makers in quickly growing developing countries like India. But unfortunately the consumers' interests do not receive more attention and importance to deserve it. It is fortunately true in the case of the policy of FDI in retail in India. The goal of enhancing access of goods and services to consumer and reduction of poverty and inequality cannot be achieved by ignoring the consumers, it is clearly revealed from our findings that even the consumers from higher income group in India are spreading their expenditures on different categories of branded as well as non-branded products and retail formats.

We have found the considerable heterogeneities in the tastes of consumers, choices of products and behaviour of shopping. Shopping behaviour of the consumers in India is a complex to justify a simple assumption of their preference of foreign retailers in always to domestic retailers if retail FDI is allowed. We can also conclude that even than the several kinds of laws meant for the protection of consumers against some unfair practices of trade, misleading and false advertisements are going on to exploit the consumers. Regulation of health and children related advertisements would be better by enforcement, corrective advertisements, self regulation by industry independent regulator etc. Backdated laws with poor enforcement are the major lacunas to control advertising.

For a sustainable, meaningful and healthy life of future consumers in India, the women, youth and nature must be accommodated in any planning. Speedy, inexpensive and simplest redressal of consumers grievances, contained in the Consumer Protection Act are actually unique and having few parallels in other side of the world. Now the Indian consumers in retail market are more protected than before after the implementation of the Act. We need more awareness of the consumers through education, actions and training by the government, activists and associations to make a success movement of consumer protection in India.

Different programmes in televisions have begun positively to discuss about problems to protect the consumers, movements of consumers. Ministry of Food and Supplies has formed a separate cell for consumer protection. To attract the interest and build up the consumers' trust, the domestically produced products should be high in quality and certain standards should be enacted by the government for the assurance of quality of domestic as well as imported products.

The emerging conclusions of this study are pointers to the directions in which the government as well as the management of various industrial/commercial/voluntary organizations need to focus their attention. The above

conclusions can be taken to be tentative hypothesis for in-depth research relating to various dimensions of consumerism/ consumer movement.

Some of the areas on which future research can be taken up are consumers' attitude towards standards, testing facilities, etc., socio-economic parameters on consumer affairs; identification of specific problems faced by disadvantaged consumers like children/disabled/ handicapped, backward classes; programmes relevant to policy matters on consumer marketing, producing good quality goods, etc. and periodic consumer opinion survey to identify and predict underlying consumer issues.

REFERENCES

- [1] A.R. Wig, "Making the consumer aware of Rights"- The Hindustan Times, 31st Aug, 1986.
- [2] Agasti S., Sengupta P.P. (2014), "Business regulation for consumer welfare--consumer protection in India, related to marketing" 2nd International Conference, India, ICBIM-14.
- [3] "Consumer Movement in India" Economic Times, 25th September, 1982.
- [4] "Consumer safety and satisfaction- a key to successful marketing" Report on Consumer Action Forum Survey, Calcutta, May 1987.
- [5] Chadah, S. (2009), "Responsibility of service providers", Yojana, Vol. 53, pp. 31-35.
- [6] G. Basu, "Consumer Protection"-Consumers' Action Forum News Letter, January-March 1986.
- [7] Jones, Mary, and Gardiner, "The Consumer Movement and Marketing" Executive, vol.4, No.3, 1978.
- [8] Joseph, M. and Soundararajan, N. (2009), "Retailing in India: A Critical Assessment", Academic Foundation, New Delhi.
- [9] Kaur, P. and Singh, R. (2007), "Uncovering Retail Shopping Motives of Indian Youth", Young Consumers: Insight and Ideas for Responsible Marketers, Vol. 8, No. 2, pp. 128-138.
- [10] Kearney, A. T. (2010), "Expanding Opportunities for Global Retailers", Global Retail Development Index.
- [11] Kearney, A. T. (2011), "Retail Global Expansion: A Portfolio of Opportunities", Global Retail Development Index.
- [12] Kinra, N. (2006), "The Effect of Country-of-origin on Foreign Brand Names in the Indian market", Marketing Intelligence & Planning, Vol. 24, No. 1, pp.15-30.
- [13] Lewis D. Eigen (2009), "A Solution to the Problem of Consumer Contracts That Cannot be Understood by Consumers Who Sign Them", Scriptamus, 2009.
- [14] McKinsey and Company (2007), "The Bird of Gold: The Rise of India's Consumer Market", McKinsey Global Institute.
- [15] Ministry of Food Processing Industries (2011), "Annual Report 2010-11", Ministry of Food Processing Industries, <http://mofpi.nic.in/images/ar10-11.pdf>.
- [16] Mukherjee, A. and Patel, N. (2005), "FDI in Retail Sector: India", Academic Foundation, New Delhi.
- [17] Ramachander, S. (1988), "Consumer Behaviour and Marketing: Towards an Indian Approach?", Economic and Political Weekly, Vol. 23, No. 9 pp. M22-M25.
- [18] Rao, S. L. (2000), "India's Rapidly Changing Consumer Markets", Economic and Political Weekly, Vol. 35, No. 40, pp. 3570-3572.
- [19] Shukla, R. (2010), "How India Saves Earns Spends and Saves: Unmasking the Real India", SAGE Publications India Private Limited and NCAER.
- [20] Sinha, M., Bhar, M. And Gole, M.K. (2015), "Foreign Direct Investment and International Trade: An Empirical Exercise for India", *Suprayaga*, No. 5, pp. 128-135.
- [21] Sinha, P. K., Banerjee, A. and Uniyal, D. P. (2002), "Deciding Where to Buy: Store Choice Behaviour of Indian Shoppers", Vikapa, Indian Institute of Management, Vol. 27, No. 2.
- [22] Sinha, P. K. (2003), "Shopping Orientation in the Evolving Indian Market", Vikalpa, Vol. 28, No. 2, pp. 13-22.
- [23] Verma, Regulation of restrictive trade practices, Delhi University, August 1980.
- [24] Willbforce, Lord, Campbel, Alan and Elles, Neil, "The law of Restrictive Trade Practices and Monopolies", Ch- 1 and 2, 1966.