

# Consumerism in a Globalised World: Challenges before Consumer Rights



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## Abstract

The contemporary era of globalisation is marked by tremendous growth of consumer is which involves the generation as well as satisfaction of hedonistic desirers. A state in the contemporary globalised world, cannot exercise absolute, comprehensive, supreme and unilateral authority over global companies, global communication networks, global mass media and transborder associations. In addition, many regulations now come to the state from suprastate bodies and global laws rather than the laws formulated by the state itself. In a situation like this, protection of the interests of consumers has become a daunting task.

Our country India, after more than two- and- a half decades of economic reforms, has been transformed from a predominantly sellers market to a buyers market where the choice of the consumers depends on their awareness level. Some of the issues concerning the consumers are high prices, high cost of distribution, shoddy or unsafe products, product safety, harmful and low benefit products planned obsolescence, poor service to the disadvantaged and so on.

This paper is an attempt to examine the impact of globalisation on consumerism, contemporary challenges before consumer rights and how the rights and interests of consumers could be best protected in the prevailing scenario with specific reference to India.

**Keywords:** Consumerism, Globalisation, Market, Rights, Gratification, Contemporary Challenges.

## Introduction

The phenomenon of globalization - a process of increasing integration, interconnectedness and interdependence in economic, cultural, social and political spheres - is impacting the lives of people across the globe comprehensively and deeply.<sup>1</sup> One of the consequences of globalisation is the expansion of Consumerism on a big scale pervading almost all corners of the contemporary world. At a time when the role of the state in controlling the affairs within its boundaries is getting minimised, the protection of the interests and rights of consumers has emerged as a big challenge

Our country India is one of the biggest consumer markets in the world with a potential to grow further. However, despite the legal protections and growth of awareness level, the rights and interests of consumers here are undermined in several ways. This paper seeks to examine the link between globalization and consumerism, the level of rights enjoyed by consumers in India at the moment, the contemporary challenges before consumer rights and what needs to be done to improve the situation.

## What is Consumerism?

Consumerism represents 'behaviour where people frenetically acquire (and usually fairly quickly discard) a variety of goods that provide the user with some kind of instant but ephemeral gratification.'<sup>2</sup> This consumption centres on the satisfaction of transient desires, especially carvings for novelty, entertainment, fantasy, fashion and pleasure.<sup>3</sup> It involves the generation as well as satisfaction of hedonistic desires. Consumers are induced to purchase articles that they would otherwise consider unnecessary through a careful branding strategy. In this regard, design, packaging and display have become major preoccupations in contemporary markets. Advertising, especially through electronic mass media has become a crucial adjunct to branding strategy.<sup>4</sup>

A core ritual of consumerism is shopping, which has become a routine activity for hundreds of millions of people. Another important consumerist activity is tourism. This voyeurism towards 'unique' and 'exotic' places has burgeoned since the 1960s. In contact to travellers of

earlier generations, tourists purchase a packaged and branded product with largely prearranged and staged experiences of the would-be extraordinary.<sup>5</sup>

Consumerism has pervaded all corners of the contemporary world, though it has tended to affect city dwellers, middle classes and youth relatively more than other social circles.

#### **Link between Consumerism and Globalization**

Consumerism is intimately connected to globalization in three general ways. First, most of the principle consumerist articles have been transworld products thriving on global branding. Second, many objects of consumerist desire have emerged directly from the technologies of globalization. Third, global contexts have played a pivotal role in generating the hedonistic desires on which consumerism thrives. Advertising has largely operated throughs uprateritorial mass media: radio, television, transworld magazines etc.

Although globalization is not a prerequisite for or sole cause of the spread of consumerism, however, it cannot be denied that transworld products and global communication have in the event greatly facilitated the expansion and intensification of commodification. Globalization has made consumerism a far stronger force for the twenty-first century.<sup>6</sup>

Consumerism has provided a boon for surplus accumulation. On the one hand, branding and packaging have allowed suppliers heavily to mark up prices, thereby generating higher rates of profit. In addition, ephemerality of consumerist fashions and pleasures has ensured that most of the products in question have a relatively short use of life. Thus, when their incomes allow it, consumers quickly return to market for a new product

Thanks both to marked-up prices (yielding higher returns) and to relatively short product lives (generating a higher frequency of purchase), consumerism has figured centrally in the survival and growth of contemporary industrial capitalism.<sup>7</sup>

#### **The Indian Scenario**

Our country India, after nearly two-and-a half decades of economic reforms, is dominated by consumerism. We stood second among all nations in the global consumer confidence index with a score of 128 points for the quarter ending June 2016, after Philippines. Global corporations view India as one of the key markets from where the future growth is likely to emerge. The growth in our consumer market is primarily driven by a favourable population composition and increasing disposable incomes. A recent study by the Marketing Global Institute (MGI) suggests that if India continues to grow at the current pace, average household income will triple over the next two decades, making the country the world's fifth largest consumer economy by 2025, up from the current 12<sup>th</sup> position. The consumer spending is expected to increase to US \$3.6 trillions by 2020. The maximum consumer spending is likely to occur in food, housing, consumer durables and transport and communication sectors. India's share of global consumption is expected to expand more than twice to 5.8 per cent by 2020.<sup>8</sup>

#### **Challenges before Consumer Protection**

With the growing consumer market and increasing consumer spending the world over including in India, protecting the rights and interests of consumers has emerged as a big challenge before the states in the contemporary era. In a competitive economy, the consumer rights could be protected only when right standard for goods and services for which one make payment are ensured by evolving a network of institutions and legal protection systems. The inherent profit motive in mass production and sales offers the opportunity to many manufacturers and dealers to exploit consumers. Each day, unscrupulous market practices are finding their way into consumer homes, violating consumer rights and jeopardizing their safety.<sup>9</sup>

Manufacturers are not often concerned about the quality of goods, services and their impact on the health of the people and the environment but their ultimate aim remains the maximisation of profit. Instead of the consumers guiding the producers about what should be produced, it is the producers who decide what the consumers should want. Consumers are attracted by the advertisements appearing on TV, newspapers, magazines etc. And sometimes they are misled. They are saddled with the problem of choosing between too many products with too less information. With the concentration of market in the hands of a few large companies and corporations, it becomes important that the consumers are aware of their rights. If we compare the city dwellers and rural masses the latter are less informed and often deceived.<sup>10</sup>

India has a vast magnitude of middle class population in the world and the second fastest growing economy after China. To tap this huge market large number of national and international marketing companies are operating in the financial, insurance and banking, consumer and durable goods and services related to information and communication sectors. However, these companies often don't address the issues concerning the consumers.

Some of the relevant issues concerning the consumers are: high prices, high cost of distribution, product safety, harmful and low benefit products, planned obsolescence, poor service to the disadvantaged and so on. We are grappling with the problem of pesticides in foods, worms in chocolates, investment frauds and unwarranted credit card problems. It is a treacherous path we have to walk, and every development warrants a serious debate by consumers, who must fight on many fronts to galvanise government action, to keep checks on the industry, to address environmental concerns, and to protect their own rights.<sup>11</sup>

A close scrutiny of the exploitation of the consumers indicates a nexus between the producers and /manufactures, suppliers and the officials promoting corrupt practices. Thus, protecting the interests of consumers has emerged as a big challenge.

**Steps taken for Consumer Protection**

The United Nations General Assembly adopted, by consensus, the United Nations Guidelines for Consumer Protection in its resolution 39/85. The guidelines constitute a comprehensive policy framework outlining what government needs to do to promote consumer protection in the following eight areas- basic needs, safety, information, choice, representation, redress, consumer education and healthy environment. While not legally binding, the guidelines provide an internationally recognized set of basic objectives.<sup>12</sup>

In India, accepting consumer welfare as the responsibility of the government, Consumer Protection Act, 1986, was introduced to protect consumers legally from fraud and deceit during the process of consumerism. A separate Department of Consumer Affairs was also created in the Central and State Governments to exclusively focus on ensuring the rights of consumers as enshrined in the Consumer Protection Act, 1986. However, the success of any act depends upon the level of consumer awareness coupled with effective functioning of the consumer forums where the consumers can ultimately assert their rights in seeking redressal. Where the literacy rate is high and social awareness greater, the consumer cannot be easily exploited. Within India the level of consumer awareness varies from state to state depending upon the level of literacy and the social awareness of the people. The rural masses in great numbers are illiterate, simple and unaware about the conspiracy of the manufacturers, producers and tacts used by the shopkeepers in selling their products. Therefore, they are being exploited in one or the other way.

**What is to be done?**

It is suggested that a well-organized campaign should be launched to increase the level of consumer awareness in our country involving grass-root functionaries, panchayats, civil society, NGOs and the educational institutions. Our media should find out and highlight such cases where innocent rural consumers are victimized or exploited and bring same to the notice of concerned grievance redressal machinery.

There is also a need for decentralisation of consumer forums. Consumer forums have three tier system where the consumers approach for seeking justice. They have to come all the way to the district level forum to lodge complaint which is time consuming and a little bit costly affair. It is suggested that necessary provisions should be made for the establishment of consumer forums at tehsil and block levels.

Moreover, vigilance machinery should be strengthened to detect corrupt practices. Heavy penalty should be imposed on producers and shopkeepers held responsible for bad activities. Stern action should be taken against corrupt officials and honest producers, sellers and officials should be rewarded for their strict adherence to prescribed norms

**Conclusion**

Thus, protecting the interests of consumers has emerged as a big challenge in this globalised world which has fuelled the growth of consumerism on the one hand and witnessed the emergence of multi-layered governance on the other. Most of the states find it difficult to tame the tyranny of global corporations, global financial markets and global governance bodies like the WTO. The major challenge is how to enforce accountability over those who are engaged in the task of business and governance and yet are not accountable to the people. To my mind, the best way out is to increase the level of consumer awareness on the one hand and strengthen the consumer movement from local to the global level on the other. Moreover, legal and institutional framework of consumer protection need to be further strengthened at all levels.

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