



ISSN: 2230-7850

IMPACT FACTOR : 5.1651 (UIF)

VOLUME - 7 | ISSUE - 1 | FEBRUARY - 2017

## GLOBALIZATION OF MARKETS AND CONSUMER RIGHTS - AN ANALYTICAL STUDY

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### ABSTRACT :

Consumer buys goods and services at a price and derives the utility from their uses. Every consumer thus shows his fascination towards buying a commodity as per his choice and preference. Consumer rights protection is an extremely important issue in the context of globalization and liberalization. Consumer protection becomes counter-productive when an economy faces huge business taxation, strict business laws and the laws relating to the protection of environment. Developed countries have developed stricter public opinions and the governments have framed laws to protect the interest of consumers. Recent years India has become a big market for multinational and Indian companies for FDI and globalization and for which consumer sovereignty is a vital factor when consumption is the sole purpose of all production and alternatively consumers keep the economy going by generating demand of goods and services and regarding the view it is generally viewed that consumption is something that benefits individual.



From this perspective consumer as source of demand is central mechanism for making the economic system run. To protect the consumers' excessive strict provisions would be comfortable with the protection of the consumers for their welfare but in reality the spirit of this Act has failed to give full advantage of the legislation particularly to the rural people. Consumer protection Association and Organization is highly required for welfare of the consumers but anyhow in West Bengal consumer movement is in fact no existence except the said type of associations are found in some Government Seminar and Mela for making sure the benefits of customers.

**KEYWORDS :** Consumer Protection, Economic Reforms, Globalisation, Liberalisation.

### INTRODUCTION:

As a result of economic reforms, a large capital flow helped making varieties of quality goods, and services, cheap telephone services, internet and computers, airline services etc. available offering choices in the free markets including 24x7 E-commerce to consumers. Along with this profit-driven market growth, new ideas, consumption culture shaping lifestyle changes are also increasingly seen like in developed economies as a result of development of multi-storied well-stored malls, super-markets and other refurbishing markets with varieties of good and high-end products and services.

It is a fast that profit- driven global market forces of all hues are in continuous search of consumer markets in every nook and corner because nation's growing consumer markets are very lucrative and profitable as India's affluent and vast middle class consumers are becoming 'lifestyle-change-agents'. This asymmetric information through eyeball catching advertisements and publicity definitely act to the disadvantage of aam consumers as they do not

help in making informed choice/ decision but only mislead. This rising menace of unethical and misleading advertisements by the producers of goods and services from cars to electronics to daily necessities of life goading the aam consumers to buy them or spur a demand is certainly a violation of consumer rights as enshrined in Consumer Protection Act, 1986.

## REVIEW OF LITERATURE

In India, the consumer rights movement is certainly not a new idea; it is as old as trade and commerce. In fact, **Kautilya's Arthashastra** detailed many consumer protection rules and regulations to check exploitations by the trade and industry, particularly related to under- weights and measure, adulteration etc. with high lighting clauses for punishment for many offences in clear terms. **President, John F. Kennedy** remarked "If a consumer is offered inferior products, if prices are exorbitant, if drugs are unsafe or worthless, if the consumer is unable to choose an informed bass, then his dollar is waster, his health and safety may be threatened, and national interest suffers." Through a historic declaration in congress on March 15, 1962, he extended to American Consumers four basic consumer rights (choice, information, safety and the right to be heard).

**Mahatma Gandhi** said, "A consumer is most important visitor on our premises. He is not dependent on our business. He is 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." Thus, both the consumers and producers are partners of growth and development. The recent data from the consumer courts in different states show that there is a direct relationship between literacy and consumer awareness. Aware, active and concerned consumers are an important part of civil society; it will pave the way for creating ethical marketing of products and consumer-oriented services (**Paul, 2014**).

## PROBLEMS OF CONSUMER RIGHTS DUE TO GOBALISATION

India is the second fastest growing economy of the world, after China with 8 percent plus average GDP growth rate for the last few years before the recession hit. The rate of growth of consumerist culture is expected to increase but whether free-market activities without comprehensive regulatory regime under globalization are pure manna from heaven or a fiendish attempt to exploit consumer is a question that will be definitely debated for a long time.

After consumers end up buying inferior, unsafe, spurious, low quality, impure goods at higher prices from many retail outlets etc. In rural areas, marketers sell spurious, unsafe product which often pass off as originals by the dealers/retailers, particularly in weekly Haats and Bazars to illiterates, unformed and uneducated.

It is after said that in a free-market environment, consumers are the kings and/or sovereign since they have the option of when, where, how and what to buy from the market. But in reality, it may not always happen that way as the vulnerable consumers find them solve under mercy of powerful manufactures and traders. The spread of consumer rights education and awareness movements find their relevance and centrality. It is unfortunate that even after more than 25 years of passing of the Consumer Protection Act of 1986, and after more than 16 years of passing of the said Ruling, consumers rights are rampantly violated in the market. Our study proposes to look upon the related aspects.

## OBJECTIVES OF STUDY

Our study would try to

1. Present the present status of consumer rights protection in India.
2. Study about globalization of markets and consumer rights in Indian context.
3. Identify challenges and opportunities related to globalization of markets and consumer rights and
4. Suggest remedial measure for the identified problems.

## IMPORTANCE OF STUDY

Fortunately, at the behest of the UN, the Indian Parliament legislated the Consumer Protection Act in 1986, much before the adoption of liberalization and privatization policy in 1991. In fact, India became one of the first few countries in the world to have passed such a revolutionary legislation exclusively for consumer protection with three-tier machinery at

- ✓ district
- ✓ state and
- ✓ national level for redressing consumer grievances.

Now-a-days, consumer rights are violated frequency despite of having legislations. Hence, synergizing all the pro-consumer action programmes and strategies together can deliver the goods. Now the time has come when the legislature, the executive, the judiciary and the fourth Estate must come together and pro-actively work in tandem curbing the rising menace of market wrongdoings and injustices in the era of globalization and liberalization of India market economy.

### CHALLENGES DUE TO CONSUMER RIGHTS FOR BUSINESS IN GLOBALISATION

There is a growing dissatisfaction and serious concern raised by consumers. There are increasing phenomena of consumer rights violations by the profit driven market forces offering the health, well being and environment.

### CHALLENGES OF GLOBALISM FOR BUSINESS

Along with arguments supporting the benefits of a more globally connected economy, critics question the ethics and long-term feasibility of profits captured through global expansion. Some argue that the expansion of global trade creates unfair exchanges between larger and smaller economies. They argue that MNCs and industrialized economies capture significantly more value because they have more financial leverage and can dictate advantageous terms of exchange, which end up victimizing developing nations. Critics also raise concerns about damage to the environment, decreased food safety, unethical labor practices in sweatshops, increased consumerism, and the weakening of traditional cultural values.

#### As MNCs do business in new global markets, they may encounter several significant challenges:

**Ethical Business Practices:** Arguably the most substantial of the challenges faced by MNCs, ethical business practices in areas such as labor, product safety, environmental stewardship, corruption, and regulatory compliance have historically played a dramatic role in the success or failure of global players. For example, Nike's brand image was hugely damaged by reports that it utilized sweatshops and low-wage workers in developing countries. In some nations, particularly those without a strong rule of law, bribing public officials (e.g., paying them off with gifts or money) is relatively common by those seeking favorable business terms. Although national and international laws exist to crack down on bribery and corruption, some businesspeople and organizations are pressured to go along with locally accepted practices. Maintaining the highest ethical standards while operating in any nation is an important consideration for all MNCs.

**Organizational Structure:** Another significant hurdle is the ability to efficiently and effectively incorporate new regions within the value chain and corporate structure. International expansion requires enormous capital investments in many cases, along with the development of a specific strategic business unit (SBU) in order to manage these accounts and operations. Finding a way to capture value despite this fixed organizational investment is an important initiative for global corporations.

**Public Relations:** Public image and branding are critical components of most businesses. Building this public relations potential in a new geographic region is an enormous challenge, both in effectively localizing the message and in the capital expenditures necessary to create momentum.

**Leadership:** It can be difficult for businesses to find effective organizational leadership with the appropriate knowledge and skills to approach a given geographic market successfully. For every geography worldwide, unique sets of strategies and approaches apply to language, culture, business networks, management style, and so forth. Attracting talented managers with high intercultural competence is a critical step in developing an effective global strategy.

**Legal and Regulatory Structure:** Every nation has unique laws and regulations governing business. MNCs need access to legal expertise to help them understand in-country laws and comply with applicable regulations. It is important for businesses to understand the legal and regulatory climate for

their industry and type of organization before entering a new market, so that this information can be factored into the business case and strategic decisions about where and how to expand globally, as well as strategic and operational planning to ensure profitability.

**CONCLUSION:**

All of these challenges should be discussed for making decisions about whether and how to expand globally. Marketing, along with other business functions, can be affected for better or for worse by the advantages and disadvantages posed by global business. Organizational leaders must consider carefully how to balance costs and risks against the potential for gain and growth.

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