



ORIGINAL RESEARCH PAPER

Management

ARE WE (CONSUMERS) GETTING CHEATED?

KEY WORDS:

**Proff. Dr. Suresh
Abhyankar**

BIMM SBU PUNE

INTRODUCTION:

Every person today is finding that he/she is unable to meet their daily needs effectively and feel shortage of money. But all over the country the government keeps saying that the WPI (wholesale Price Index) is under control and there are no signs of any unwieldy inflation and it is under control. People are buying all their requirements in FMCG sector at same rate because there is no inflation. This researcher while purchasing his usual quota of various biscuits found that the price remaining same the biscuit packet seemed smaller. When he checked meticulously, he found that the number of biscuits is lesser than earlier and grammage was lesser. This was unusual according to him, with so many years spent in FMCG sector including the revolutionary period of EMERGENCY when government took many consumer-friendly decisions by bringing about packaged commodity act of 1975 and also the essential commodities act that stopped the looting of customers around by the trading community (Gujarati-Marwaris/ Baniya community in colloquial language) charging whatever rates. E.g. this researcher was having a distributor in Ambarnath near Kalyan in Thane district who proudly said that he has financed his business selling HORLICKS to the Bengali and Madras workers in the ammunition factory at Rs. 10 per unit (there was no MRP then) of 450 gms pack after purchasing them at Rs. 3-5 from Irani restaurants in Mumbai everyday (travelling in local train with monthly pass is as good as free in those days) because there was no MRP on the packs.

In those days (before 1975 packaged commodity act) the business was as follows

- There were wholesale market centers across country e.g.
- Sadar Bazar in Delhi
- Burra Bazar in Kolkata
- Manek Chowk in Ahmadabad
- Munshi Khancha in Vadodara
- Bhat Bazar in Mumbai
- Raviwar Peth in Pune
- Kalas palayam in Bengaluru etc.

From where the retailers in far plunged areas ordered products and sold them after adding their own profit margin at will. Customers had no choice as they either paid the rate being asked or purchase the product whenever they visit the major city. Duplicates were also common in Hindi speaking belt e.g. Paru in place of Parle, Kalighat in place of Colgate and Karma/Verma in place of Nirma etc. There were no rules and the trading community took advantage of that to large extent. This researcher as a sales officer in MNC was asked to do market development work travelling to all the towns with 20000+ population and appoint distributors (the term wholesalers/stockiest was declared illegal and companies were forced to call them either distributors or redistribution stockiest (RS) across western region (since this researcher appointed around 200 distributors many of whom still active one may find them in their towns) . Because of this Packaged commodity act with compulsion of MRP (local taxes extra) and retailers compelled to display the price lists supplied by manufacturers, and essential commodities act (hoarding of products in short supply and charging HIGH rates was banned) had severely affected the business of major

wholesalers across the country as the retailers in smaller towns stopped buying FMCG products from them (they could not charge extra price). Since the MNC was asking to purchase a small quantity (3 boxes containing 24 bottles each and transportation was free with door delivery and payment after receipt of stocks through bank documents) of product with two-year shelf life with good quality. This researcher successfully appointed nearly 200 distributors across western region (Maharashtra, Gujrat and MP) with record 43 distributors in ONECALENDER MONTH that was praised in MNC weekly magazine published in UK.

The rules were so strict at that time that the government officers raided distributor godowns to check the stock of essential commodities e.g. oil, vanaspati ghee etc. In one of the visits of this researcher the officers raided the warehouse and found 500gms pack more than reflected in the stock book. Fortunately, that tin was damaged in transit and was removed from stock for getting credit note from the company and the distributor was saved (he paid small amount to officers). The rules remained strict for many years following two examples can reflect on the strictness for implementing rules and OR making some money by officers.

The first case is where an officer booked a case against a retailer in Goregaon where boost 250gms bottles were found with torn labels. This researcher met the commissioner and explained that this is a common occurrence in transit of stocks and normally the bottles won't get supplied before changing the labels being supplied by the company. The matter was closed there and then.

The second example is of ENO fruit salt bottle picked up by an officer from a chemist shop in Crawford Market area as the bottle had weight declared as 110gms (British ounce) saying that it was not permitted. This researcher as Area sales Manager Mumbai for the MNC manufacturing ENO was approached by the chemist. This researcher pacified the chemist and assured him that there is no rule break and MNC will handle the matter. This researcher then met the commissioner of meteorological (weights & measure) department and said there is NO RULE broken as ENO is sold in one and only pack size i.e. 110gms (at that time sachets were not introduced and second packing of 220 gms was withdrawn). Commissioner agreed with the point but said officer has already filed a case and you will get summons to appear in small causes court. On the date researcher attended the court with the solicitor's assistant but no one from government appeared. The MNC had Adv. MP Vashi (a big name then in legal fraternity) as their solicitors and the government advocates quietly withdrew the case.

One more interesting case is of Maggie tomato ketchup, they launched the product with big fanfare in three sizes 200 gms, 400 gms and 800 gms in a typical Surai shaped bottle as against then market leader Kissan (after withdrawal of Dippy's) from HUL (Hindustan Uni Lever. The bottles looked big in size with its label covering the bottle from neck downwards. Consumers thought it to be 1kg and 500 gms bottles as promotions did not talk about the size. Since the label was large no one found that the bottle is filled only 3/4th and considered it cheaper than Kissan and was purchased by

many. When complaint was made and people came to know about the lesser quantity, they lost sales never to come back.

With such background and knowledge this researcher started finding out whether the packaged commodity act and essential commodities acts have been repealed by this government supported by trader community and anti- Indira Gandhi policies. There are no clear references of repealing the laws but it is clear that essential commodities act has become softer and the sections about the quantities that are allowed in multiple size product offerings does not show up in the packaged commodities act of 1975. The act clearly prohibited variations in pack sizes and the MNC where this researcher worked changed the pack sizes of their products as follows to be in line with the rule. The rule also stipulated that the consumer should be able to do simple arithmetic to confirm that there is ECONOMY in purchasing larger packs.

Serial No.	Product	Earlier sizes	Changed sizes
1	Horlicks	800 gms bottle	1000gms Bottle
		450 gms bottle	500 gms bottle
		200 gms bottle	250 gms bottle
2	BOOST	450 gms bottle	500 gms bottle
		450 gms refill	500 gms refill
		200 gms bottle	250 gms bottle

This researcher decided to find what is actually happening to ascertain whether we as consumers are really being protected by the government OR not.

Objectives: Following objectives could be set for this research

1. Has the government changed packaged commodity act of 1975?
2. Is government allowing corporates to break the rules of packaged commodities act 1975?
3. Are consumers aware of their getting cheated?
4. Why consumer organizations are keeping quiet?

Research Methodology: The research is partly secondary desk research and partly primary research on ground as the information are not readily available on net.

Facts found:

The companies are not following the rules (as per original law), e.g.

1. Parle Marie gold family pack is 561.6 gms and small pack is 33 gms
2. Sunfeast Moms magic has a pack 68 gms and other packs not in multiple of this
3. Britannia Nice has 152 gms and 480 gms (not easy to find ECONOMY)
4. Britannia Good day has 75 gms and 105.2 gms
5. Parle glucose has 45 gms, 140 gms and 250 gms packs
6. Britannia Milk Bikis has 90 gms and 190.5 gms

Similar example are found in many products and their packs, since biscuits are daily need and purchased across the population information was displayed (major companies if not following rules, Lala companies are not expected only).

These things are happening in many products e.g. Kissan ketchup is 500 gms, Maggi is 480 gms and Heinz is 880 gms (no comparison of pricing possible).

Shampoo is another product where quantities are being reduced instead of price e.g. Sun silk has become 180 ml rather than 200 ml earlier etc.

CONCLUSIONS:

While going through the facts (primary research) it was found that the rules are being flouted RIGHT, LEFT and CENTRE following sample example will prove that government has secretly changed the conditions of packaged commodity act to a large extent and have allowed all the companies to go

ahead and CHEAT customers (customers do not know that the quantities of the packs they buying are being reduced while the price is maintained). Now the question remains whether the flouting is allowed at official level and bribes are being taken by government machinery OR government is allowing it at ministry level and taking money as party fund and individual considerations. If it is not secret why there is no OFFICIAL NOTIFICATION of removal of the conditions?

1. Has the government changed packaged commodity act of 1975? --- There is NO CLEAR indication anywhere on government sites
2. Is government allowing corporates to break the rules of packaged commodities act 1975? ---- Since there is NO ACTION by government departments, we can assume that government has given corporates FREE HAND
3. Are consumers aware of their getting cheated? -The discussion this researcher had with many people it was found some of them doubted but were not sure
4. Why consumer organizations are keeping quiet? - Maybe they do not want to take action against this government (currently all consumer activists are lying LOW)

Most companies have stopped displaying price list on their websites Readers can contact the researcher on drsureshabhyankar@gmail.com for any queries.