
UNIT 2 SOCIO-CULTURAL ENVIRONMENT

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2.0 OBJECTIVES

After studying this unit, you should be able to

- explain the concept of culture and various elements thereof;
- explain the significance of socio-cultural environment;
- identify the critical elements of socio-cultural environment;
- explain the concepts and significance of social institutions and **systems**, social groups, social values and attitudes;
enumerate the quantitative and qualitative aspects of demographic environment in India;
- describe the dualistic aspect of Indian economy and **problem** of uneven income distribution in India; and
explain the concept of consumerism and **trace the development** of consumer protection movement in India.

2.1 INTRODUCTION

In Unit 1 you learnt about the concept and significance of business environment and its various components including socio-cultural and demographic environments forming an integral part of macro-environmental factors. You learnt that the social structure and the culture of the society has a great influence on the functioning of business. In this unit you will have an in-depth study of socio-cultural environment, demographic factors and consumerism issues. It shall help you to learn about the critical elements of socio-cultural environment, the quantitative and qualitative aspects of demographic environment, the dualism in Indian economy caused by uneven income distribution, and the developments in the consumer protection movement.

2.2 CONCEPT OF CULTURE

Culture is of great significance to business and is a very critical component of business environment. Proper understanding of the cultural dimensions is very important for making important business decisions relating to product development, promotional efforts, human resource management, management of the social and political environment, etc. A company which sets out to do business in unfamiliar cultural environment may encounter several problems if proper homework is not done. Many multinational corporations agree that "cultural differences are the most significant and troublesome variables encountered by any multinational company. The failure of managers to comprehend fully these disparities has led to most international business blunders."

There are varying definitions of culture. Culture, in its broadest definition, refers to that part of the total repertoire of human action (and its product) which is socially, as opposed to genetically, transmitted. A very popular definition is that of E.B. Tylor which reads "Culture of civilization is that complex whole which includes knowledge, belief, art, morals, law, customs and other capabilities and habits acquired by man as a member of society". As Geert Hofstede, a noted Dutch writer and academic, has put it, "culture is the software of mind-the social programming that runs the way we think, act and perceive ourselves and others". In other words, your brain is simply the hardware that runs the cultural programming. The implication is that culture is not innate. It is a learned behaviour and hence can be changed.

On the basis of the various definitions of culture, Francis Merill formulates the concept of culture as follows. Culture, he says

- is characteristically the human product of social interaction;
- provides socially acceptable patterns for meeting biological and social needs;
- is cumulative, for it is handed down from generation to generation in a given society;
- is meaningful to human beings because of its symbolic quality;
- is learned by each person in the course of his development in a particular society;
- is, therefore, a basic determinant of personality; and
- depends for its existence upon the continued functioning of society but is independent of any individual or group.

Culture consists of both material culture and non-material culture. Material culture involves man-made things (eg. automobile, television, telephone, etc.) and man-made alterations in the environment. Non-material culture includes such factors as language, ideals, beliefs, values, music, etc.

Elements of Culture

Culture, the sum total societal behaviour, includes at least three elements, namely, knowledge and beliefs, ideals and preferences,

Knowledge and Beliefs : The knowledge and beliefs refer to a people's prevailing notions of reality. They include myths and metaphysical beliefs as well as scientific realities. As Rose remarks, "one of the features of culture in general, that is of special sociological interest, is shared quality of a belief system. People who share a given culture tend to take a hostile attitude towards those within their midst who cannot, or will not, accept conventional definitions of fact".

People in every society have basic convictions that certain modes of conduct or goals are desirable. These are also known as values. Value system represents a set of values with priority ordering based on their relative importance. It prompts individuals and groups to distinguish between what is right and what is wrong, what ought to be, what ought not to be. Values thus provide standards or benchmarks by which individuals may be guided in their choices, decisions, conduct, and behaviour.

Ideals : Ideals refer to the societal norms which define what is expected, customary, right or proper in a given situation. Norms are enforced by sanctions, i.e., by rewarding the right behaviour and punishing the wrong behaviour.

Folkways and mores are important aspects of every culture. Folkways are norms of proper behaviour (like the proper way to greet a friend) that are informally enforced. But mores are norms of obligatory behaviour considered vital to the welfare of the group.

Preference : Preferences refer to society's definitions of those things in life which are attractive or unattractive as objects of desire. Preferences may differ between cultures. Interestingly enough, the judgments of the ideal or the proper do not always correspond to our judgments of the pleasant or enjoyable. An example in point is the temptations (not proper but desirable). "All the things I really like to do are immoral, illegal, or fattening," said Alexander Woollcott.

A culture tends to provide the standards of tastes in specific lines of human activity. Taste in the most liberal sense varies greatly with the food consumption preferences of different cultures. But there is also taste in clothing, housing, and in endless variety of possessions and activities. What is tasteful in one culture may be highly distasteful in another.

Values which govern decision making in corporate enterprises may consist of individual values, group value, values of the constituents of the socio economic environment, and the cultural values of the society. These are very important in the formulation of business strategies. Ignoring values, beliefs, customer tastes, preferences, etc. may prove rather costly.

2.3 SIGNIFICANCE OF SOCIO-CULTURAL ENVIRONMENT

You have learnt in Unit I that the social structure and the culture of society have great influence on the functioning of business activities. Each society has its own culture which consists of the customs, values, attitudes, beliefs, habits, languages and other forms of interaction between the members of the society. Any business firm which aims at entering any market for its products and services must develop complete understanding of socio-cultural environment of the society involved and adapt its strategies thereto.

The question arises as to what factors constitute social environment? A long list of factors such as social institutions, social systems, social groups, social values, and

attitudes are included in it. Successful business managers cannot afford to neglect the importance of these features. No business can survive and grow without social harmony. Different countries, over different time periods, attain social harmony and order of different forms, through different ways and means. Thus socio-cultural environment differs over space, time and methods.

Three aspects may be noted in the current socio-cultural environment :

- 1 Changes in our life-styles and social values : For instance, changing role of women, emphasis on quality of goods instead quantity of goods, greater reliance on government, greater preference for recreation activities.
- 2 Major social problems : For example, concern for pollution of environment, demand for socially responsible marketing policies, head for safety in occupations and products, etc.
- 3 Growing consumerism : It is indicating consumer dissatisfaction on a large scale against unfair trade practices. Consumerism is becoming increasingly important to marketing decision process. Social environment in many countries is responsible for emphasizing social responsibility of business and customer oriented marketing approach.

The impact of socio-cultural dimensions upon the business could be understood in many ways. In the era of globalisation, the companies are crossing the limits of boundaries and going to the other parts of the world. Now the need for understanding and appreciating cultural differences across various countries is essential. Work motivation, profit motivation, business goals, negotiating styles, attitudes towards the development of business relationships, gift-giving customs, greetings, significance of body gestures, meaning of colours and numbers, and the like vary from country to country. Figure 2.1 brings out a summary of how major management concepts are perceived by the Japanese and Americans

Figure 2.1 : Major Concepts in the Comparative Analysis of US and Japanese Management

Management Concepts	How Perceived in the United States	How Perceived in Japan
Company	Team in sport	Family in village
Business goal	To win	To survive
Employees	Players in a team	Children in a family
Human relations	Functional	Emotional
Competition	Cut-throat	Cooperation or sin
Profit motivation	By all means	Means to an end
Sense of identification	Job pride	Group prestige
Work motivation	Individual income	Group atmosphere
Production	Productivity	Training and diligence
Personnel	Efficiency	Maintenance
Promotion	According to abilities	Length of service
Pay	Service and results	Award for patience & sacrifice

(Source : Adapted from M. Murayana, "A comparative Analysis of U.S. and Japanese Management Systems", in Sang M.Lee and Gary Schwendiman (eds.) Management by Japanese system, p. 237)

Like-wise, the people of different countries having different cultural heritage behave differently. When the people from different cultural heritage converge in a work place, management will be required to manage diversity. Figure 2.2 reveals the difference in the socio-cultural factors in India and Japan, and their impact on the business environment of two countries.

Figure 2.2 : Contrasting Social and Cultural Factors- India vs. Japan

Social /Cultural Factors	Japan	India
Principles of government/ administration	Emphasis on government by the virtuous and abrogation of coercion, mutual trust between employer and employee and acceptance of basic goodness of human nature. Results in minimum control from above, high level of delegation, highly motivated workforce	Prevalence of impersonal bureaucratic social relations, mistrust of fellow beings based on assumption of human nature as evil. Results in highly centralized administration, overemphasis of hierarchical status in decision-making, bureaucratic delays, low levels of delegation, dissatisfied workforce, and accentuation of apathy in individuals and groups
Attitude towards work and goals	High result-oriented and directed towards perfection and growth through dedicated effort	General and deep-seated apathy, dissociation of work from its results based on the belief that the results are pre-ordained. Tasks are performed without any interest, dedication or pride
Discipline and order	Highly disciplined, respect for superiors and respect for authority	Lack of discipline at all levels, basic mistrust of authority, poor superior-subordinate relationships
Group harmony	Very high based on informal affiliative patter of behaviour	Assumption of inequality of human beings, nagging suspicion of fellow beings and highly self-centered behaviour resulting in a lack of cooperation and teamwork
Emphasis on education	Very high	Generally indifferent and highly ambivalent

(Source: adapted from Vikalpa, IIMA, Oct. –Dec. 1998)

Check Your Progress A

1 Define the term 'Culture'

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- 2 Enumerate the factors that constitute socio-cultural environment

- 3 Fill in the blanks by selecting the proper word out of those given within brackets.
- Culture is a learned behaviour and hence be changed. (can, cannot)
 - Norms are enforced by (sanctions, law)
 - Culture is meaningful to human beings because of its quality. (symbolic, inherent)
 - Values provide by which individuals may be guided in their choices and conduct. (preferences, standards)
 - Social environment in many countries is responsible for emphasizing social responsibility of business and Oriented marketing approach. (customer, consumer)
 - Business goal is perceived in Japan as an approach to (win / survive)

2.4 CRITICAL ELEMENTS OF SOCIO-CULTURAL ENVIRONMENT

The critical elements of socio-cultural environment of business. may be classified as follows.

- Social institutions and systems
- Social groups
- Social values and attitudes
- Social responsibilities of Business
- Role and Responsibility of government

Of these, the last two elements would be discussed in Unit 3 and 4 respectively. In this unit we shall discuss the first three.

2.4.1 Social Institutions and Systems

Social Institutions

Social institutions refer to set-ups like family, school, church, state, etc, which are essential to maintain the orderly arrangement of social structure. These are regarded as collective modes of behaviour. They prescribe a way of doing things. They bind the members of the group together. There are five kinds of social institutions, namely, (1) family, (2) economics, (3) religion, (4) education, and (5) state. There are also a number of secondary institutions which are derived from each of these primary institutions. The secondary institutions derived from family are marriage, divorce, monogamy, polygamy, etc. The secondary institutions of economics are property, trading, credit, banking, etc. The secondary institutions of religion are church, temple, mosque, totem, taboo, etc. The secondary institutions of education are school, college, university, etc. The secondary institutions of state are interest groups, party system, democracy, etc.

Institutions may grow as do the folkways and mores or they may be created just as laws are enacted. For example, monogamy or polyandry grew in response to some felt needs of the people. Banks grew as the need for borrowing and lending money was felt. Schools and colleges are created by deliberate choice and action. An important feature

that we find in the growth of institutions is the extension of the power of the state over the other four primary institutions. The state now exercises more authority by laws and regulations. As of today, the family is being regulated and controlled by the state in various ways. A number of traditional functions of family have been taken over by the state. The state has enacted laws regulating marriage, divorce, adoption and inheritance. The authority of state has similarly been extended to economics, to education and to religion.

An institution never dies. New institutional norms may replace the old ones, but the institution goes on. For example, the modern family has replaced the norms of patriarchal family, yet family as an institution continues. When feudalism died, government did not end. The governmental and economic functions continued to be fulfilled, although according to changed norms. All the primary institutions are thousands of years old, only the institutional norms are new.

A social structure owes its stability to a proper adjustment of relationships among the different institutions. No institution works in a vacuum. Religion, education, family, government and business all interact with each other. Education creates attitudes which influence the acceptance or rejection of religious dogmas. Religion may exalt education because it enables one to know the truths of God or denounce it because it threatens the faith. Business conditions may influence the family life. Unemployment may determine the number of people who do not want to marry as an unemployed person may postpone his marriage till he gets employed in a suitable job. Postponement of marriage may affect the birth rates. The state influences the functions of institutions. It may take over some of the functions and determine their institutional norms. The businessmen, educators, energy men and the functionaries of all other institutions also seek to influence the acts of state, since any state action may obstruct or help the realization of their institutional objectives. Thus the social institutions are closely related to each other. The inter-relationship of the various institutions is like that of the different parts of a wheel. The family is the hub while education, religion, government and economics are the spokes of the wheel. The rim would be the community within which the various institutions operate.

All institutions face the problem of continuously adjusting themselves to the changing society. Changes in the social environment may bring about changes in all social institutions. Inflation, for example, may have a great influence on marriage, death, crime and education. Breakdown of economic institutions may have radical effects upon political institutions. Similarly, a change in one institution may lead to a change in the other institutions. There may also take place a shifting of functions from one institution to another. Child care, formerly a function of family, has now shifted to the state. When one institution fails to meet a human need, another institution will often assume the function. No institution can avoid affecting other institutions or avoid being affected by others.

Social Systems

The concept of social system is closely related to the concept of social structure which is the means through which a social system functions. According to Loomis, the social system is composed of the patterned interaction of members. "It is constituted of the interaction of a plurality of individual actors whose relations to each other are mutually oriented through the definition of and mediation of a pattern of structured and shared symbols and expectations." It is the patterned social relations and the social processes which determine the nature of social system. The main elements of social system are (1) belief (knowledge), (2) sentiment, (3) end, goal, or objective, (4) norms, (5) status-role (position), (6) rank, (7) power, (8) sanction, and (9) facility. A brief description of these elements follows:

- 1 **Belief and knowledge** : Any proposition about any aspect of the universe that is accepted as true may be called a belief. According to D. Krech and R.S. Crutchfield. "A belief is an enduring organization of perception and cognitions about some aspect of individual's world". A belief may be true or false. It may be verifiable or not. But the people who hold it consider it to be true. Belief furnishes the cognitive basis for social action. The significance of beliefs is not determined by the objective truth or falsity of the belief. The belief that there is no God will make the social relationships of people different from the relations of those who believe in God. The Hindu social structure is founded on beliefs about the existence of God, the theory of rebirth, the doctrine of Karma and the reality of hell and heaven. The Indian caste system is based on Karma theory. It is due to the belief that the Hindu social system has been able to survive despite many invasions over it. According to Lommis, the testing and validation of the cognitive aspect of belief is also important. It will make for progress and provide dynamism to the social system.
- 2 **Sentiment** : Closely related to belief is the element of sentiment. Sentiments represent "what we feel" about the world. Sentiment is the chief element articulated in the internal pattern of a social system. The sentiments as expressed in the internal pattern result from both externally patterned and internally patterned social interaction. The sentiments of the external pattern are those which members bring from outside. Sentiments are acquired. They are the product of experience and cultural conditioning. Our cultural values and social goals influence and control our sentiments. The sentiments of love, hatred, benevolence, charity, nationalism, internationalism, etc. are created by our cultural conditioning. The sentiments may be of various kinds, intellectual, ethical, aesthetic, religious etc.
- 3 **End, goal or objective** : The end, goal or objective creates the social system. The members of a social system expect to accomplish a particular end or objective through appropriate interaction. Had there been no human needs, goals or ends, there would have been no society. The human needs, goals and ends determine the nature of the social system.
- 4 **Norm**: Norms are the standards for determining what is right and wrong, appropriate and inappropriate, just and unjust, good and bad in social relationships. Every social system is possessed of its norms which the individuals are obliged to observe. Some norms are general and may not be violated by anyone while others apply only to particular individuals and status roles within the system. Particular norms may be especially crucial for special social systems. The norm of efficiency is of great importance in the economic system. The norm of fair play is of importance in athletic activity. The concept of social system implies order. Hence, a major criterion for delineating a social system is simply the existence of consensus with respect to the appropriate ways of behaviour.
- 5 **Status-role** : Status is the position which an individual has in the society. In a social system each individual has a status. The place in a particular system which a certain individual occupies at a particular time is his status with reference to that system. The element of status is found in every social system. In the family, there are the statuses of father, mother, son, daughter, etc. Likewise, there are statuses in a club, school, union or factory. The status of an individual may be ascribed or achieved. The ascribed status is one which an individual gets at his birth. It is conferred to him by his group or society. It may be based on sex, age, caste or colour. The achieved status is one which an individual achieves by his efforts. A man born in a low caste may, by his efforts, become the Prime Minister and achieve that status. There are some functions attached to each status which are called roles. In a social system the individuals are expected to perform their roles in accordance with their statuses.

- 6 **Rank:** Rank as used here as equivalent to "standing". It includes the importance an individual has in the system in which the rank is accorded. It is determined by the evaluation placed upon the individual and his acts in accordance with the norms and standards of the system. A political leader enjoys higher rank than a teacher in modern society whereas in ancient times the teacher enjoyed higher rank than that of even the king.
- 7 **Power :** Power refers to the capacity to control others. A conflict may take place many conflicts among the different parts of the social system. Such conflict is harmful for the social system. For example a dispute may arise between the students and the teachers which is harmful for the efficiency of the institution. There should exist some power with the authority to control both the teachers and students. Such power is vested in the principal. Thus, each social system gives power to some individual or body of individuals to remove tension from amongst the system. In the state the ruler, in the family the father, in the union the president has such power. This power always resides in the status role and not in the individual as such. It is the authority of office. As soon as an individual ceases to hold the office, he no longer exercises the authority of that office. An ex-principal cannot direct the students, an unfrocked priest can not deliver the sacraments, an ex-president cannot call the parliament. Authority, therefore, implies some degree of institutionalization.
- 8 **Sanction :** Sanction refers to the rewards and penalties given out by the members of a social system as a device for inducing conformity to its norms and ends. Sanctions can be positive or negative. The positive sanctions are the rewards which may include wages, profits, interest, esteem, praise, privileges, etc. The negative sanctions are the penalties and punishments.
- 9 **Facility :** A facility has been defined as a means used to attain ends within the system. It is necessary that the individuals in a social system should be provided with adequate facilities to enable them to perform their roles efficiently. Facilities should not only exist but should also be utilized. Mere existence of facilities is of no use unless these can be utilized. The ends, goals, or objectives of a social system can be realized only through the utilization of facilities. The utilization of facilities highlights systemic ends, beliefs and norms that might otherwise remain obscure. To put it the other way, a society reveals its ends, beliefs, and norms by its failure to utilize certain available facilities. The farmers may be having the facilities of tractor and fertilizers but unless they utilize these facilities they may not be able to increase their production and save time and energy. The use of tractors may require a reorganization of land system since the facilities of a tractor cannot be utilized if the land is of very small size. There may even be some resistance to its adoption. The same can be said of the facilities available for family planning. Unless these facilities are used, goal of self sufficiency in food cannot be achieved. If we use the nuclear energy for peaceful purposes, it shows our belief in peace, but if it is used for manufacturing nuclear bombs it would show that we are making preparation for war. Thus, it is the use of the facility rather than its intrinsic qualities which determine its significance to social systems.

2.4.2 Social Groups

Social group is a collection of human beings. In its elementary sense, a group "is a number of units of anything in close proximity to one another". Thus we may speak of a group of houses on a street, of trees in a forest or of buses at a bus stand. In the human field it means "any collection of human beings who are brought into social relationships with one another". Some of the important definitions of social groups are :

"A group is a social unit which consists of a number of individuals who stand in (more or less) definite status and role relationships to one another and which possesses a set of values or norms of its own, regulating the behaviour of individual members at least in matters of consequence to the group."

- "A social group may be thought of as a number of persons, two or more, who have some common objects of attention, who are stimulating to each other, who have common loyalty and participate in similar activities."

Social relationships involve, as we have seen, some degree of reciprocity between the related and some degree of mutual awareness. A social group is a collection of individuals, two or more, interacting with each other, who have some common objects of attention and participate in similar activities. It may be a cricket club or a political party. It ranges from a pair, or a couple to a group of millions of people. In an aggregation, the element of inter-action is lacking and so it differs from group within which observable inter-action is present. The essence of social group is not physical closeness but a consciousness of joint interaction.

Characteristics of Social Group

From the definitions of a social group as given above, it can be inferred that a social group has the following characteristics.

- (i) **Reciprocal Relations:** The members of a group are inter-related to each other. A gathering of persons forms a social group only when they are interrelated. Reciprocal relations form an essential feature of a group.
- (ii) **Sense of Unit :** The members of a group are united by a sense of unity and a feeling of sympathy.
- (iii) **We-feeling:** The members of a group help each other and defend their interests collectively.
- (iv) **Common Interests:** The interests and ideals of a group are common. It is for the realization of common interests that they meet together.
- (v) **Similar. Behviour:** The members of a group behave in a similar way for the pursuit of common interests.
- (vi) **Group Norms :** Every group has its own rules or norms which the members are supposed to follow.

A social group, it may be noted, is dynamic and not static. It may change its form and expand its activities from time to time. Sometimes the change may be swift and sudden, while at other times it may occur so gradually that its members are unaware of it. A group may give up one function after another until it finally ceases to exist or it may settle down to a routine and limit its activities to a mere holding of annual meeting. It may expand its organization or may die of disorganization.

2.4.3 Social Values and Attitudes

Social Values

Social values are cultural standards that indicate the general good deemed desirable for organised social life. These are assumptions of what is right and important for society. They provide the ultimate meaning and legitimacy for social arrangements and social behaviour. They are the abstract sentiments or ideals. An example of an important social value is "equality of opportunity". It is widely considered to be a desirable end in itself. The importance of a value in social life can hardly be exaggerated.

A social value differs from individual value. An individual value is enjoyed or sought by the individual which a man seeks from himself. Even though these values are commonly shared, they do not become social values. Social values regulate the thinking

and behaving of individuals. Thus if the American culture is dominated by a belief in material progress, the Indian culture is marked by spiritualism, the forgetting of self, abandonment of personal desire and elimination of the ambition. The "Indian way" is different from the "American way". The difference in social values result in divergent social structures and patterns of expected behaviour.

Social values are different from social norms. Norms are the standards of group behaviour which incorporate value judgments and are related to the events in the real world. When a number of individuals interact, a set of standards develop that regulate their relationship and modes of behaviour. These standards of group behaviour are called social norms. At the same time, "A norm is a standard of behavioural expectation shared by group members against which the validity of perceptions is judged and the appropriateness of feeling and behaviour is evaluated.

Attitudes

Attitude is the state of consciousness within the individual being. It refers to certain regularities of an individual's feelings, thoughts and predispositions to act towards some aspect of his environment. It is a subjective reaction with relation to objects. All attitudes imply objects towards which they are directed, but it is the state of mind, not the object, which is denoted by the term 'attitude'. However, attitudes differ from interests. Both concepts are primarily psychological largely mould our behaviour and determine social relationships. But attitudes differ from interests in one sense that interest is objective while attitude is subjective. While interest means, "any aim or object which stimulates activity towards its attainment", the attitude is regarded as a state of mind of the individual towards a value. Another aspect that differentiate attitudes and interests is that interests are common and alike, while attitudes are alike but not common. Interests may be identical, attitudes can never be so. MacIver Observes, "Different people cannot have a common attitude any more than they can feel a common pain. They can have only like pains and like attitudes because the subjective element is always individualized."

Attitudes determine social relationships. In fact, the origin, growth and progress of a society depend upon the interests and attitudes. Attitudes determine the structure of a society. A society is marked by particular interests and attitudes which its members follow and which determine its structure. That's why we distinguish between feudal society, bourgeois society and proletarian society. Attitudes mould social relations, The attitudinal changes and adjustments constantly go on in a society which mould relations between individuals. Moreover, we find people and groups everywhere displaying characteristic attitudes.

The structure of a society, social relationships and practical utility of attitudes affect the business environment, and the managers have to take into consideration the changing social relationships and the structure of a society while formulating their strategies. The MNCs take special care of the social values and attitudes in a particular economy while planning their entry therein.

Check Your Progress B

1 List out the critical elements of socio-cultural environment.

- (a)
- (b)
- (c)

- (d)
- (e)
- 2 Distinguish between social values and social norms.
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- 3 State whether the following statements are True or False.
 - (a) A social structure owes its stability to a proper adjustment of relationship among the different social institutions.
 - (b) Religion is one of the important elements of a social system.
 - (c) A social group is dynamic and not static.
 - (d) Attitude determine social relationships and so also the social structure of a society.

2.5 DEMOGRAPHIC ENVIRONMENT

As you learnt in Unit I, demographic features like the size and composition of population are important dimensions of social environment. Normally the absolute size of the population in a country is an important factor determining the size of the domestic market. But the real size of any market is determined on the basis of nature of composition of population. Therefore, demographic factors such as size and growth rate of population, life expectancy, age composition, sex composition, ethnic composition, rural-urban distribution, income levels, educational levels, family size, family life cycle, occupation, religion, nationality, etc. are all relevant to business.

Demographic environment differs from country to country and also from place to place within the same country or region. It may also change significantly over time. A complete understanding of the demographic features of a market is very necessary for designing the appropriate business strategies. Many multinationals have entered India and China during the last few years considering the sheer size of population in these countries. A country where the population growth rate is high, children constitute a large section of population resulting in more demand for baby products. Whereas, in countries having low population growth rate with higher life expectancy, the elderly people constitute the larger section of population and the nature of demand for products and the consumption pattern is going to be very different. Similarly, the increase in the size of population with middle and high-income group has resulted in increased demand for consumer goods, both durable and non-durable, as in the case of India where demand for automobiles, branded ready-made garments, electronic products, home appliances, etc. has increased manifold. A business firm which reads the demographic changes accurately and monitors them continuously will find opportunities knocking at its doorsteps. This applies to both quantitative and qualitative aspects of demographic environment.

2.5.1 Quantitative Aspects

The size of the population is an important determinant of demand for many products. There are countries with less than a lakh of people on the one hand and those with thousands of millions on the other. Poor countries with small population are generally not attractive for business. As against that, the advanced countries, particularly those with large population, are generally attractive markets. The major part of the international trade and foreign investments naturally take place between these nations. Because of the large potential of these markets, the competition is also quite strong. When the population is large, even if the country is poor, there could be a sizeable

market even for those goods and services which are regarded luxuries in these countries. For example, if just five percent of the Indian population is well to do, the absolute number (more than 50 million) is larger than the total population of many of the high income economies. High population growth rate also implies an enormous increase in the labour supply and its cost. Cheap labour and a growing market have encouraged many multinationals to invest in developing countries. Many companies in the developed countries have relocated their production facilities, wholly or partially, in the developing countries to reduce the labour costs.

The falling birth rate and rising longevity will significantly alter the age distribution within the population. The proportion of aged in the total population will go up. For example, of those 20-odd million Italians by the year 2080, a very small number will be under fifteen, and a very large number- at least one-third of the population- well above sixty. In Japan, the disproportion between younger people and people above any traditional retirement age will be equally great if not greater. In the United States, the size of young population is already growing much more slowly than the older population, past traditional retirement. Still, up to the year 2015 or so, the number of young people will still be growing in absolute numbers in the United States. But then it is likely to go down and quite rapidly. The changes in the age distribution have a lot of implications for business. Several pharmaceutical companies, for instance, are paying a lot attention to the potential requirements of the aged population. The increasing proportion of the aged would have implications for the government. It may increase the welfare burden of the government.

Michael P. Todaro said that while before 1650 it took nearly 36,000 years (about 1,400 generations) for the world population to double, but now in less than 53 years (or two generations) world population will double. Moreover, "Whereas it took almost 1,750 years to add 480 million to the world's population between A.D.I. and the onset of the Industrial Revolution, at current growth rates this same number of people is being added to the earth's population every six years.: this shows the rapid pace at which world's population has been growing in the recent past. The main reason for this is that mortality rates have declined steeply thanks to rapid advances made in medical science and the spread of modern public health and welfare measures. The problem of population growth has taken a serious turn for many developing countries because while the mortality rates have declined, birth rates are stubbornly stagnant or have fallen at a very slow rate. For instance, as shown in Figure 2.3, while the crude death rate for developing countries fell from 22.2 per thousand in 1950-55 to 10.9 in 1980-85 and is expected to have gone down further to 8.3 per thousand in 1995-2000, the birth rate declined slowly from 41.8 per thousand in 1950-55 to 32.1 in 1980-85 and is expected to have come down to 26.2 per thousand in 1995-2000. Because of these two factors—high birth rates and low mortality rates—the population of the developing countries has increased at a very rapid pace.

Figure 2.3 : Recent and Forecast Crude Birth and Death Rates

(per 1,000 population)

	1950-55		1980-85		1995-2000	
	CBR	CDR	CBR	CDR	CBR	CDR
World total	35.6	18.3	28.1	10.6	23.8	8.7
Developed Countries	22.7	10.1	15.9	9.7	14.9	10.1
Developing Countries	41.8	22.2	32.1	10.9	26.2	8.3
Africa	48.1	26.9	45.0	15.4	36.9	10.6
Middle East	47.9	25.3	44.2	13.4	36.9	9.2
Latin America	41.4	14.5	34.4	7.7	29.6	6.0
China	39.8	20.1	20.1	8.3	17.4	7.7
East Asia	36.6	30.0	26.1	7.4	20.3	6.6
South Asia	43.2	24.6	36.9	12.5	27.8	8.8

Note : CBR stands for Crude Birth Rate and CDR for Crude Death Rate

(Source : Adapted from A.P. Thirlwall, Growth and Development, Macmillan Press, 1999, p.199)

India has been the second largest populated country in the world, next only to China. The size of India's population increased from 36.10 crore in 1951 to 84.39 crore in 1991 and it crossed 100 crore mark in 2001. Such rapid growth in the size of population reflects higher growth rate which has been about 19 to 22 per annum per thousand unit 1971 as shown in Figure 2.4

Figure 2.4, : Birth Rate, Death Rate and Natural Growth Rate of Population in India (Rate per annum per thousand persons)

Decade	Crude Birth Rate	Crude Death Rate	Natural Growth Rate
1951-61	41.7	22.8	18.9
1961-71	41.2	19.0	22.2
1971-81	37.2	15.0	22.2
1981-91	32.5	11.4	21.1
1991-01	25.8	8.5	17.3

(Source : Five Year Plans)

It is observed that during 1951 to 1971, there was no significant fall in the birth rate while the death rate continued to decline which resulted in the natural growth rate reaching a maximum of 22.2 per thousand per annum during 1961-81. This declined marginally to 21.1 per thousand per annum during 1981-91 and 17.3 during 1991-2001. Thus, the high growth rate of population can be explained in terms of a persistently high rate of birth rate but a relatively fast declining death rate.

A high density of population is another feature of India's demographic profile. The average density is 324 which is considered to be a fairly high rate. The implication of the density of population is the magnitude of the burden on the land area and the potential of growth. Of course, there is no empirical evidence to suggest any relationship between the density of population and the economic development.

2.5.2 Qualitative Aspects

The qualitative aspects of demographic environment relate to life expectancy, age composition, sex composition, rural urban distribution, literacy and such other dimensions.

Life expectancy : The health and general level of mortality of a community is reflected in the measure of mean expectation of life at birth. Over the years since independence, there has been a perceptible fall in the death rate in India and a corresponding rise in life expectancy. From an average of 32.1 during 1941-51 it had increased to 59.4 during 1989-93 and is around 65 as at present. Of course, it is lower than that in many Asian countries, and varies from state to state which is as high as 72 in Kerala and as low as 54 in Madhya Pradesh. Females have also had a slightly high life expectancy rate than males. The implication of rising life expectancy may be an increasing pressure on job market as people at retirement age being fit to work may seek extension or fresh employment.

Age Composition : Changes in age composition are worth noting as these reflect changes in the size of working population and working population. The age composition of population in India is given Figure 2.5.

Figure 2.5 : Age Composition of Population (1981-2001)

(in percentage)

Age Group	1981	1991	2001
0-14	39.7	36.5	35.6
15-59	54.1		58.1
60 & above	6.2	6.4	6.3

(Source : IAMR, Fact Book on Manpower)

The data shows that the proportion of young (15-59) in the total population is substantially high and growing. Taking into account the unemployed persons in the age group of 15-59, the dependency ratio (the average number of dependents on an earning person) works out at 50 percent. This, of course, is less than the dependency rate of 61.7 percent for the developing countries as a whole, but is much higher than any developed country. This level of dependency ratio acts a drag on production and has an impact on rate of savings, investment, education and welfare.

Sex Composition : The change in sex composition or sex ratio (the ratio of females to males) is a significant factor in the analysis of social well-being and reflects the relative change in survival of women vis-a-vis men. In India, the population of females per 1000 males shows a declining trend from 972 in 1901 to 946 in 1951 and to 933 in 2001, the comparative position in most other countries is a higher number of females than males in the population. In USA, for example, it was 1029 and in Japan it was 1041. The sex ratio in India is perhaps the lowest in the world. This may be result of females being discriminated against in providing adequate nutrition, access to health and other amenities, and possibly selective termination of pregnancy. It is contended that if the mortality at child birth falls and the general status of women improves, the sex ration will improve.

Rural-Urban distribution : India continues to have a predominantly rural population even though the proportion of people living in urban areas has progressively increased since 1951. It has gone up from 17.3 percent in 1951 to 27.8 percent in 2001. The degree of urbanisation varies from state to state which is as low as 9.8 percent in Himachal Pradesh and as high as 43.9 percent in Tamil Nadu (See Figure 2.6). However, the increase in urbanisation of population in India has led to growth of slums with unhygienic living conditions and various other problems.

Literacy : Another qualitative aspect of demographic environment is literacy. There is a close positive relationship between education and level of economic well-being. According to a World Bank Report, developing countries with high literacy rates have tended to grow faster even after allowances are made for differences in income and investment. The literacy rate in India has increased from 18.3 percent in 1951 to 52.2 percent in 1991 and 65.5 percent in 2001. However, there are wide variations between the states. Literacy rates have also been quite different with respect to males and females and between rural and urban population. In 2001, 24.2% of the male population and 47.9% of the female population were illiterates. The proportion of literacy among males as well as females was found to be higher in urban areas as against in the rural areas.

2.6 DUALISM IN INDIA AND PROBLEM OF UNEVEN INCOME DISTRIBUTION

2.6.1 Dualism in Indian Economy

The concept of dualism, when associated with an economy, basically implies the existence of two contrasting societies within a country. Indian economy that way can be characterised as dualistic economy. There are two Indias within India. One India is very rich, affluent and enjoying all luxuries of life. In contrast, the other India is extremely poor where people do not have an access to even a single meal a day what to talk about a roof over their heads. There is one India characterised by modern economy, and side by side, there exists another India characterised by traditional primitive economy. There is an urbanised India where basic infrastructure ensuring a decent life style is relatively strong. And, there is rural India where infrastructure and services such as roads, electricity, communication, drinking water, necessary for a reasonable living, are in a poor shape. Even within the urban India, you have people living in posh localities and, side by side, you see an ugly sight of people living in slums

devoid of any basic amenities. A comparative analysis of some of the states of the country on the basis of four basic parameters, viz..., degree of urbanisation, per capita income, rate of unemployment, and population below the poverty line, reveals the extent of dualism prevalent in the Indian economy.

Figure 2.6 : Dualism in Indian Economy based on various parameters

	Urban to total population per cent (2001) ¹	Per capita income current prices (1996-97) ² Rs.	Rate of unemployment as percentage of labour force (1999-2000) ³	Percentage of population below poverty line (1993-94) ⁴
1 Tamil Nadu	43.9	13,382	11.78	35.0
2 Maharashtra	42.4	17,825	7.16	36.9
3 Gujarat	37.4	16,287	4.55	24.2
4 Karnataka	34.0	11,772	4.57	33.2
5 Punjab	33.9	17,447	4.03	11.8
6 Haryana	29.0	16,454	4.77	25.1
7 West Bengal	28.0	9,886	14.99	35.7
8 Andhra Pradesh	27.1	11,224	8.03	22.2
9 Kerala	26.0	13,050	2.97	25.4
10 Madhya Pradesh (including Chattishgarh)	25.0	8,689	4.45	42.5
11 Rajasthan	23.4	10,171	3.13	27.4
12 Uttar Pradesh	20.8	7,743	4.08	40.9
13 Orissa	15.0	6,401	7.34	48.6
14 Bihar (including Jharkhand)	13.4	4,965	7.32	55.0
15 Assam	12.7	7,394	22.21	40.9
16 Himachal Pradesh	9.8	10,728	2.96	28.4
All India	27.8	11,564	7.32	36.0

Source: 1. Census of India (2001)

2. Economic Survey (2001-2002)

3. Planning Commission

4. Planning Commission (1998), Ninth Five Year Plan (1997-2002)

Figure 2.6 reveals that on an average 27.8 per cent of Indian population is urban. However, the degree of urbanisation varies between 9.8 per cent in Himachal Pradesh to 43.9 per cent in Tamil Nadu. Other states with low urbanisation level are Assam, Bihar, Orissa, Uttar Pradesh and Rajasthan. The states with higher urbanisation level are Tamil Nadu, Maharashtra, Gujarat, Karnataka and Punjab. It further reveals that average per capita income in India at 1996-97 prices is Rs. 11,564. The states with low per capita income are Bihar (Rs. 4,965), Orissa (Rs. 6,401), Assam (Rs. 7,394) and Uttar Pradesh (Rs. 7,743). On the other hand the states with higher per capita income are Maharashtra (Rs. 17,825), Punjab (Rs. 17,447), Haryana (Rs. 16,454) and Gujarat (Rs. 16,287). As for the rate of unemployment, it is observed that at the national level the average rate of unemployment as a percentage of total labour force as per 1999-2000 estimates is 7.32 per cent. The states with lower rate of unemployment are Himachal Pradesh (2.96 per cent), Kerala (2.97 per cent), Rajasthan (3.13 per cent), Punjab (4.03 per cent), Uttar Pradesh (4.08 per cent); whereas the states with higher unemployment levels are Assam (22.21 per cent), West Bengal (14.99 per cent), Tamil Nadu (11.78 per cent) and Andhra Pradesh (8.03 per cent)

The dualistic character of Indian economy is more pronounced when we compare various states of the country on the basis of poverty levels. Figure 2.6 also depicts the percentage of population below the poverty line as per the estimates of the Planning Commission given in the Ninth Five Year Plan document. At all India level, 36 per cent of the total population lives below the poverty line. The states with higher percentage of population below the poverty line are Bihar (55 per cent), Orissa (48.6 per cent), Madhya Pradesh (42.5 per cent), Assam and Uttar Pradesh (40.9 per cent each). The states with relatively lower percentage of population below the poverty line are Punjab (11.8 per cent), Andhra Pradesh (22.2 per cent), Gujarat (24.2 per cent), Haryana (25.1 per cent) and Kerala (25.4 per cent).

Besides the above mentioned parameters, the dualism in Indian Economy can also be seen on the technological front. There are few sectors of the economy like agriculture, small scale industries, handicrafts and cottage industries which still make use of the traditional and outdated technology. This has not only an adverse impact on the productivity of these sectors but also leads to low income generation of the people associated with these sectors.

2.6.2 Pattern of Income Distribution in India

There is lack of statistical information by way of which one could directly estimate income distribution in India. Most of the inferences on income distribution made by various organisations in India such as Reserve Bank of India (RBI), National Council of Applied Economic Research (NCAER) and other agencies are based on the data on consumption expenditure obtained from the household surveys. Various reports have clearly indicated the existence of wide variations in the consumption expenditure of different sections of the population which lead us to a conclusion that income distribution in India is highly uneven. In fact, the Planning Commission in the Draft Sixth Five Year Plan document had observed that the inequality of incomes for rural as well as urban groups would be far greater than the consumption inequalities. The World Bank also corroborated the views of Planning Commission in this regard.

Figure 2.7 depicts the World Bank estimates on the distribution of households on the basis of percentage of household expenditure made by five (quintile) household groups in India during the years 1983, 1989-90, 1994 and 1997. These estimates show that top 20 per cent households accounted for more than 40 per cent of the total household expenditure whereas the lowest 20 per cent households accounted for only around 8 per cent of the total household expenditure. The percentage share of household expenditure of each of the five household groups remained almost consistent (with minor variations) during the period 1983 to 1997.

Figure 2.7 : Distribution of Households on the Basis of Percentage of Household Expenditure

	Percentile groups of Households	1983	1989-90	1994	1997
1	Lowest 20 per cent households	8.1	8.8	9.2	8.1
2	Second quintile group of households	12.3	12.5	13.0	11.0
3	Third quintile group of households	16.3	16.2	16.8	15.0
4	Fourth quintile group of households	22.0	21.3	21.7	19.3
5	Highest 20 per cent households	41.4	41.3	39.3	46.1

Source : Various World Development Reports of the World Bank.

The foregoing evidence clearly reveals that there are glaring income inequalities in India. The rich are very rich and the poor are extremely poor. Some of the reasons for uneven distribution of income in India are (i) inequalities in land ownership and concentration of tangible wealth in the rural sector; (ii) private ownership of industries, trade and business; (iii) urban bias in private investment; (iv) inequity in credit facilities provided by the banks and financial institutions, (v) defective implementation of various industrial and economic policies of the government leading to greater concentration of

wealth and income in the hands of few private individuals ; and (vi) corrupt practices of bureaucracy, politicians and businessmen.

Check Your Progress C

- 1 Enumerate the qualitative aspects of demographic environment of a country.
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- 2 What do you mean by 'dualism' in Indian economy.
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- 3 State any four reasons for uneven distribution in India.
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2.7 CONSUMERISM IN INDIA

2.7.1 Is Indian Consumer a 'King' ?

After the liberalization and globalization of Indian economy, we find the Indian market flooded with large variety of consumer products and services. If a consumer has to buy a television, there are large number of brands of television with multiple models available in the market. If a consumer feels thirsty, lie has access to a large variety of cold drinks in the market offering a wide choice of flavours. If a consumer needs a better communication connectivity, he can select any mobile phone service out of a large menu of services provided by different mobile phone companies. Similarly, for his transportation needs he has a variety of models of automobiles available in the market. Not only that, in case lie doesn't have ready cash available with him for purchasing the products or services which lie needs, there are banks and other financial service providers who are competing feverishly with offers of loans and credit facilities to the buyers. In such a scenario, we can safely assume that the Indian consumer is a 'Icing'.

Let us further examine whether Indian consumer is really a 'King'? No doubt, there is a large variety of televisions and other electronic products available in the market. But the quality of many brands of televisions and other electronic products is substandard and the after sale services are either non existent or of very poor quality. The popular cold drinks like Coca cola and Pepsi have been reported to have pesticide contents far more than the permissible international standard. Even the bottled drinking water is unsafe and unfit for human consumption as it contains traces of heavy metals and chemicals which are of hazardous nature. The branded pasteurised milk has been tested to show the presence of coliform and E. coli which may cause gastroenteritis and urinary track infections. Even the services which are being provided to the consumers by public sector as well as by private sector organizations are of poor quality. Electricity power supply, for example, is irregular with heavy voltage fluctuations. Telephones remain dead not only during the rainy season but even during the normal period. As for the

loans and credit facilities from the banks and other financial service providers, the consumer often feels cheated as he is not informed about the hidden costs involved. Thus, we find that the Indian consumer is a 'King' without his Crown. Such a plight of the Indian consumer prevails because he does not have the complete information about the prices, quality, etc. of the goods and services provided. He is not educated of his rights and responsibilities as a consumer and has been unaware of the system for redressal of his grievances. This is what makes an Indian consumer a "Crownless King".

2.7.2 Meaning of Consumerism

It is well known that the products and services usually do not conform to people's expectations. If the expected level of satisfaction and the actually attained level of satisfaction are reasonably close, people will tolerate the gap. But when the actual satisfaction level is considerably low, the gap between what people want and what they get becomes intolerable and the protest from buyers is most likely to occur. This phenomenon had led to a new concept called 'consumerism', a name given to the consumer protection movement.

Philip Kotler has defined Consumerism as "a social movement seeking to augment the rights and the powers of buyers in relation to sellers". Consumerism as a social movement is built on the foundation of frustration, dissatisfaction and bitterness of consumers. It is a battle against exploitation and is collective endeavour of the consumers to protect their interests. It is generally organised by concerned citizens with government support, to protect and enhance the rights of buyers in relation to sellers and rights of consumers in relation to producers. It leads to development of policies aimed at regulating the products and services, methods and standards of manufacturers, sellers and advertisers in the interest of buyers. Such regulation may be institutional strategy or embodied in a voluntary code accepted by a particular industry or it may result more indirectly from the influence of consumer organisations. Thus, consumerism is :

- an organised effort of consumers;
- concerned with increasing rights and powers of consumers in relation to seller(s);
- oriented towards ending the malpractices of business community;
- aimed at obtaining adequate relief to the aggrieved consumers;
- a movement placing more stress on protection of economic interest and physical safety;
- a psychological projection of negative attitude of dissatisfied consumers; and
- a movement encompassing various measures and activities of government, business, voluntary organisations and concerned consumers to achieve consumer welfare.

2.7.3 World Consumer Movement

The history of consumerism can be traced back to the time when the man entered into first transaction. He aspired equal, if not more, utility for the sacrifice he made. Industrial revolution offered more products to the consumers, but the capitalistic tendencies undermined the position of consumers in business functions.

Consumer Movement first took roots in the USA, the land of the world renowned consumer activist, Ralph Nader. In that country, the movement for consumer protection began to crystallise as early as the late nineteenth century. This was reflected in the formation of various local and regional consumer groups in exposing scandals and by concerted US Federal legislations. In USA, the first consumer protection law was passed in 1872 making it a federal crime to defraud through the use of mails. Over the years many federal laws were enacted in the USA to protect the interest and rights of the

consumers. Consumerism in America was further strengthened when late President John F. Kennedy sent to the US Congress a special message on protecting the consumer interest. His central theme was that "consumers are the only important group in the economy who are not effectively organised, whose views are not often heard". In the preamble to his Consumer Message to the Congress in March 1962 he highlighted following rights of the consumers which were enunciated in the now famous Consumer Bill of Rights :

- the right to safety,
- the right to be informed,
- the right to choose, and
- the right to be heard.

International Organisation of Consumer Unions (IOCU) formed in 1960 by five consumer organisations from USA, UK, Australia, Belgium and Netherlands has played a laudable role in consumer protection and promoting consumer welfare at global level. At the end of 1994, IOCU had a total of 203 members from 83 countries. After many years of hard lobbying by IOCU (later named as Consumers International) in the year 1985, the United Nations adopted the Guidelines for Consumer Protection by the General Assembly which provide for greater protection of consumers by enunciating various steps and measures around seven themes. These are (i) Physical Safety, (ii) Economic Interest, (iii) Standards, (iv) Essential Goods and Services, (v) Redressal, (vi) Education and Information, and (vii) Health. The Guidelines which are reviewed by the UN from time to time also provide for international cooperation in the area of consumer protection.

2.7.4 Consumer Movement in India

Consumer movement in India, though started late as compared to the western countries, is going through a silent revolution. Broadly speaking, it has emerged through four different stages. The first stage of the movement was more representational in nature. The basic idea was to make the consumer aware of their rights through writing articles in newspapers and magazines, holding exhibitions and by public speeches. The second stage was direct action based on boycotting of goods, picketing, holding demonstrations, etc. This resulted into the emergence of third stage of consumer movement where professionally managed consumer organisations played a vital role. It has come a long way from the conventional activities of educating consumers, handling consumer complaints and ventured into the areas which involve lobbying, litigation, advocacy, research and laboratory testing, etc. The fourth stage came with the enactment of Consumer Protection Act, 1986 which is a landmark in the history of consumer movement in India.

Though consumerism is not well developed in India. There are several consumer organisations in India like Consumer Guidance Society of India (CGSI), Mumbai and the Consumer Education and Research Centre, Ahmedabad, which are doing commendable work. Since 1993, the Consumer Education and Research Society (CERS), sponsored by CERC has launched a very bold and innovative task of comparative testing of consumer goods at their in house laboratory. Since 1998, its publication "INSIGHT- The Consumer Magazine" has been carrying out the test results conducted by CERS to places far and near. The media has also been publishing their test findings which help consumers to compare and evaluate the products of different companies, The test results, of popular soft drinks-Coca Cola and Pepsi-published by these organisations jolted the Indian Parliament in August 2003 not only to put a ban on the sale of these products in the Parliament complex but also lay down international standards for soft drinks and bottled water manufactures to ensure the protection of health of the consumers.

Over the years the government of India has enacted many legislations which seek to protect one or the other rights of the consumers. Some of these legislations are; Indian Contract Act, 1872; Sale of Goods Act, 1930; Drugs and Cosmetics Act, 1940; Prevention of Food Adulteration Act, 1954; Essential Commodities Act, 1955; Trade and Merchandise Act, 1958; Monopolies and Restrictive Trade Practices Act, 1969; Standards of Weight and Measures Act, 1976; Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980; Environment Protection Act, 1986; Bureau of Indian Standards Act, 1986; Consumer Protection Act, 1986; and Competition Act, 2002.

There are, thus, a large number of legislations which seek to protect the interests of the consumers. But the common complaint is that these laws are not effectively implemented. Perhaps the Consumer Protection Act, 1986 is the only legislation which not only aims at protecting various rights of the consumers but also provides for an inexpensive and speedy machinery for the redressal of consumer grievances. The Act aims at promoting and protecting the following rights of the consumers :

- 1 Right of safety : the right to be protected against marketing of goods and services which are hazardous to life and property;
- 2 Right to be informed : the right to be informed about the quality, quantity, potency, purity, standard and price of goods and services so as to protect the consumer against unfair trade practices;
- 3 Right to choose : the right to be assured, wherever possible, access to a variety of goods at competitive prices;
- 4 Right to be heard : the right to be heard and assured that consumers' interest will receive due consideration at appropriate forums;
- 5 Right to **redressal** : the right to seek redressal against unfair trade practices or unscrupulous exploitation of consumers; and
- 6 Right to consumer education : the right to education relating to his legal rights and remedies under different consumer laws.

The Consumer Protection Act, 1986 further provides for a three-tier consumer disputes redressal system operating at district, state and national levels. You will learn in details about the various provisions of the Act in Unit 7.

The above facts clearly demonstrate that the consumerism is still in its infancy in India. It is growing, albeit slowly. Some of the reasons for its poor growth in India are poverty, illiteracy, indifference of literates and affluent, poor organisation of consumers and poor implementation of the relevant laws. But the business can no more take the consumer for granted. This should not be interpreted that consumerism is a problem for the business. It is, in fact, an opportunity for the consumer oriented businessmen. As Philip Kotler points out, "the addition of long run consumer welfare asks the businessman to include social and ecological considerations in his product and market planning. He is asked to do it not only to meet his social responsibilities but also because failure to do this may hurt his long run interests as producer." He feels that consumerism will be enduring, beneficial, pro-marketing and ultimately profitable. Kotler further points out, "Consumerism mobilises the energies of consumers, businessmen and government leaders to seek solutions to several complex problems in a technologically advanced society. One of these is the difference between serving consumer desires efficiently and serving their long run interests. To marketers, it says that products and marketing practices must be found which combine short run and long run values for the consumer. The enlightened marketer attempts to satisfy the consumer and hence his total well being on the theory that what is good in the long-run for consumer is good for business."

Check Your Progress D

- I Why is an Indian consumer is regarded as a crownless king?
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- 2 Define 'consumerism'.
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- 3 List out the four consumer rights highlighted by President John F. Kennedy in his consumer message to the Congress in March, 1962.
 - (a)
 - (b)
 - (c)
 - (d)

2.8 LET US SUM UP

Socio-cultural environmental factors vary from country to country and within the same country they vary from region to region. A complete understanding of the socio-cultural environment of a country or a region in which business wants to operate or enter is, thus, absolutely essential for its survival and growth.

Culture of a society, which consists of knowledge and beliefs, values, ideals and preferences play an important role in the formulation of business strategies. It is also important to identify the critical elements of the socio-cultural environment of business. These elements are : social institutions and systems, social groups, social values and attitudes, role and responsibility of government, and responsibilities of business.

There are five kinds of social institutions, namely, the family, economics, religion education, and the state. A social structure owes its stability to proper adjustment in relationship among the different institutions. Therefore a complete understanding of social institutions and their inter-relationships is needed by an efficient business manager. Similarly, other elements of socio-cultural environment of a particular region such as social systems, social groups, social values and attitudes have to be duly taken into account while planning an entry in that region.

Demographic environment which deals with the size and composition of population is an other component of environment which has a direct bearing on the business decisions. Some of the important demographic factors which need continuous monitoring are size and growth rate of population, age composition, sex composition, ethnic composition, rural-urban distribution of population, income distinction levels, family size, family life cycle, occupation, religion, etc. Thus, qualitative as well as quantitative aspects of the demographic environment have to be duly taken into account as they determine the size and nature of demand in a given area.

As for India, it has a large population with a growth rate of 1.93%, higher proportion of males and rural folks, and low literacy levels. It has a high dependency ratio which adversely affects the rate of savings and investment. The Indian economy is characterised by dualism, implying the existence of two contrasting societies within a country. The dualistic nature of Indian economy looks more pronounced when we make comparative analysis of different states in the country on the basis of parameters like the degree of urbanisation, variations in per capita income, rates of unemployment, and the population below the poverty line.

The problem of uneven distribution of income in India is also very acute. Most of the inferences on income distribution are based on the data pertaining to consumption expenditure which shows wide variations. It is believed that inequalities in income distribution are much more than the existing inequalities in the household consumption expenditure. It implies that the income distribution in India is highly uneven which can be attributed to factors like inequalities of land ownership, urban bias in investment, defective implementation of economic and industrial policies of the government.

Consumer movement in India is still in its infancy. It is growing, albeit slow. But all interest groups, viz., the consumers, the consumer organisations, the business, and the government are contributing to the growth of consumerism in India. The enactment of Consumer Protection Act in year 1986 is a landmark in the history of consumer movement in India. Some of the reasons for the slow growth of consumerism in India are poverty, illiteracy, indifference of affluent and literates, poor organisation of consumers and poor implementation of laws. It needs to be realised that consumerism is not a challenge to the business, it is an opportunity.

A proper understanding of the socio-cultural environment of India, the extent of dualistic character of Indian economy and the emerging consumerism should help business organisations in the formulation of appropriate strategies. However, there is a need of continuous monitoring of the changes in the environment.

2.9 KEY WORDS

Attitudes : Certain regularities of an individual's feeling, thoughts and predispositions to act towards some aspects of his environment.

Consumerism : A movement of consumers to get their rights protected.

Dependency Ratio : Average number of dependents on an earning person.

Folkways : Norms of proper behaviour that are informally enforced.

Mores : Norms of obligatory behaviour considered vital to the welfare of a society.

Social Group : A collection of human beings who are brought into social relationship with one another.

Social Institution : Set-ups like family, school, church, state, etc. that are essential for the maintenance of an orderly arrangement of social structure.

Social System : The functional aspect of social structure which is composed of the patterned interaction of members.

2.10 ANSWERS TO CHECK YOUR PROGRESS

- A 3 (a) can (b) sanctions (c) symbolic
(d) standards (e) customer (f) survive

- B 1 (a) Social institutions and system
(b) Social groups
(c) Social value and attitudes

- (d) Role and responsibility of government
- (e) Social responsibility of business

- 3 (a) True (b) False
(c) True (d) True

- D 3 (a) Right to safety
(b) Right to be informed
(c) Right to choose
(d) Right to be heard

2.11 TERMINAL QUESTIONS/EXERCISES

- 1 Explain the concept of culture and its main elements.
- 2 How does socio-cultural environment affects business decision-making? Give a brief sketch of the nature of socio-cultural environment prevailing in India.
- 3 Distinguish between
 - (a) Social Institutions and Social Groups
 - (b) Attitudes and Interests
 - (c) Social Values and Individual Values
- 4 Define the term 'Social Systems' and discuss its main elements.
- 5 Give a brief account of the quantitative and qualitative aspects of demographic environment in India and their relevance to business decision-making
- 6 Explain the dualistic character of the Indian economy,
- 7 Enumerate the characteristics of consumerism and outline the development of consumer movement in India.

<p>Note : These questions will help you to understand the unit better. Try to write answers for them, but do not submit your answers to the university for assessment. These are for your practice only.</p>
