

**B.COM II YEAR [Gen/Comp/Hons/Prof/IT] - SEMESTER IV**  
**BUSINESS & CORPORATE LAW**  
**UNIT I - CONSUMER PROTECTION ACT**

**INTRODUCTION:**

Central government enacted a law in the year 1986 for the protection of consumers known as consumer protection act. The act received President's assent on 24<sup>th</sup> December 1986 and it came into force from 15<sup>th</sup> April 1987. The act was amended 3 times in 1991, 1993 and 2002. The latest amendment was made in the year 2019 and the act came into force from 20<sup>th</sup> July 2020.

**AIMS & OBJECTIVES OF THE ACT**

- I. Better protection of interest of consumers:
- II. Protection of Rights of Consumers
  - 1. Right to Safety
  - 2. Right to Information
  - 3. Right to Choose
  - 4. Right to be Heard
  - 5. Right to seek Redressal
  - 6. Right to consumer education
- III. Consumer Protection Councils
- IV. Quasi Judicial machinery for settlement of consumer disputes

**RIGHTS OF CONSUMERS**

- 1. Right to Safety
- 2. Right to Information
- 3. Right to Choose
- 4. Right to be Heard
- 5. Right to seek Redressal
- 6. Right to consumer education

**CONSUMER PROTECTION COUNCILS**

The interest of the consumers are sought to be promoted & protected under the act by establishment of consumer protection councils at central, state & district levels. They are advisory bodies which are as follows

- I. District consumer protection council
- II. State consumer protection council
- III. Central consumer protection council

## CONSUMER REDRESSAL AGENCIES/QUASI JUDICIAL MACHINERY/ CONSUMER COURTS

The act seeks to provide speedy & simple redressal to consumer disputes. For this purpose quasi judicial machinery is set up at district, state & national levels. These quasi judicial bodies are supposed to observe principles of natural justice & are empowered to

- Give relief of specific nature.
- To award compensation to consumer where ever appropriate.
- Impose penalties for non compliance of orders issued by these quasi judicial bodies.

A common consumer is not in a position to approach civil court. Quick, cheap & speedy justice to his complaints is required. The act provides a more accessible & speedily legal avenue for consumers. No lawyers. Judgement to be delivered in 90 days.

The following are the various Consumer Redressal Agencies

- I. District Forum
- II. State Commission
- III. National Commission

## DEFINITIONS

### 1. Consumer Dispute:

As per section 2(1)(e), It means when the person against whom a complaint has been made, denies or disputes the allegations contained in the complaint.

### 2. Defect:

As per section 2(1)(f), It means any fault, imperfection or shortcoming in the quality, quantity, purity or standard which is required to be maintained by or under any law for the time being in force or under any contract, express or implied, or as is claimed by the trader in relation to any goods.

### 3. Deficiency:

As per section 2(1)(g), It means any fault, imperfection, shortcoming or inadequacy in the quality, nature and manner of performance which is required to be maintained by or under any law for the time being in force or has been undertaken to be performed by a person in pursuance of a contract or otherwise in relation to any service and includes

- (i). any act of negligence or omission or commission by such person which causes loss or injury to the consumer
- (ii) deliberate withholding of relevant information by such person to the consumer

### 4. Restrictive Trade practices:

As per section 2(1)(nn), It is a trade practice which tends to bring about manipulation of price or its conditions of delivery or to affect flow of supplies in the market relating to goods

or services in such a manner so as to impose unjustified costs/restrictions on consumers. It includes

- a) Delay beyond the period agreed by trader in supply of goods or in providing services leading to rise in the prices
- b) Requiring a consumer to buy/hire any goods or services as a pre-condition for buying/hiring other goods or services.

Example: (i) when a supplier puts a condition that Gas connection will be given only when gas stove is purchased from him. (ii) Asking a person to keep some amount as fixed deposit before allotting locker facility in the bank

## 5. Consumer:

As per section 2(1)(d), Consumer means:

- (a) A person who buys or agrees to buy any goods for a consideration for personal use
- (b) One who uses such goods with permission of the buyer who has bought the goods for consideration
- (c) One who obtains goods on deferred payment basis. Eg: Hire purchase or Lease
- (d) One who hires or avails any services for a consideration
- (e) One who uses the services (beneficiary of services) with the permission of person who has hired the services for consideration.
- (f) One who obtains services on deferred payment basis Eg: Hire purchase or Lease
- (g) One who buys goods or hires services exclusively for the purpose of earning his livelihood as self employment. Thus a person buying one car, one truck, one sewing machine or one computer will be a consumer
- (h) Consumer does not include a person who obtains goods for resale or for any commercial purpose and who avails any service for any commercial purpose
- (i). As per Consumer Protection Act 2019, Consumer includes a person who "buys any goods" and "hires or avails any services" by offline or online transactions through electronic means or by teleshopping or direct selling or multi-level marketing

### **Case: Kody Elcot Ltd (seller) vs. Dr.C.P Gupta (buyer)**

Gupta was running a nursing home & clinic. He bought medical equipment worth 3.85 lakhs but it started giving problem. Gupta filed complaint in luck now state commission & manufacturer was proved guilty so he appealed to National commission. Again the manufacturer was proved guilty. Held Gupta is a consumer by means of self employment and seller is liable.

## 6. Complaint:

As per section 2(1)(c), It means a written allegation made by a complainant against the following:

- (a) An unfair trade practice or a restrictive trade practice has been adopted by any trader or service provider.
- (b) Goods bought by him or agreed to be bought by him suffer from defect.
- (c) Services hired/availed or agreed to be hired/availed by him suffer from deficiency
- (d) A trader or service provider has charged excess price for the goods or services
- (e) Offering of goods and services that are hazardous to life and safety of public.
- (f) a claim for product liability action lies against the product manufacturer, product seller or product service provider

## 7. Service:

As per section 2(1)(O) Service means:

- (a) Service of any description which is made available to potential users.
- (b) It includes provision of facilities in connection with Banking, Insurance, Transport, Processing, supply of Electrical and other energy, Boarding & Lodging, House construction, Telephone provided by Tele communication department, Houses & plots by Housing & Developments boards, Entertainment and Amusement
- (c) It includes only such services which are commercial in nature & rendered against payment
- (d) It does not include any service free of charge or under a contract of personal service.  
Eg: Medical treatment in government & private hospitals free of charge, Services by Tutor, Lawyer

The supreme court of India included medical profession in the term services. It includes only those medical services which are provided against payment & does not include the services which are provided free of charge in government & private hospitals

## 8. Unfair Trade practices:

As per section 2(1)(r), It means a trade practice which for the purpose of promoting the sale, use or supply of any goods or for provision of any service adopts any unfair methods. It includes the following:

- (a) Falsely represents that the goods are of particular standard, quality, quantity grade, style or model.
- (b) Falsely represents that the services are of particular standards, quality or grade.
- (c) Falsely represents any rebuilt, second hand, renovated or old goods as new goods.
- (d) Represents that the goods or services have sponsorship, approval, characteristics, uses, accessories of foreign company which they don't have.
- (e) Represents that the seller has sponsorship or approval or affiliation which he does not have.
- (f) false representation about the usefulness of any goods or services.
- (g) Gives to the public any warranty or guarantee of the performance, efficiency or length of product that is not based on proper test.
- (h) False promise to replace, maintain or repair any article
- (i) Misleading the public concerning the price at which the goods or services have been sold or provided for.
- (j) Gives false or misleading facts disparaging the goods or services of another person.
- (k) A trader permitting the publication of any advertisement in newspaper or otherwise (including by way of electronic record as per Consumer Protection Act 2019) for the sale of goods or services at bargain price or discount without any intention to do so
- (l) Offering gifts, prizes or other items free with the intention of not providing them.
- (m) Conduct of lottery, game of chance or skill for the purpose of promoting sales.
- (n) Withholding from the participants of any scheme offering gifts, prizes or other items free of charge on its closure, the information about final results of the scheme.
- (o) A trader permits hoarding of goods or refuses to sell goods or to make them available for sale.

- (p) Manufacture of dangerous goods or adopting deceptive practices in provision of services.
- (q) Failure to provide a bill, cash memo or receipt to consumer
- (r) Permitting the sale or supply of goods which do not comply with the standards prescribed by the competent authority relating to performance, composition, contents, design, constructions, finishing or packaging as are necessary to prevent or reduce the risk of injury to the person using the goods
- (s) refusing, after selling goods or rendering services, to take back or withdraw defective goods or to withdraw or discontinue deficient services and to refund the consideration thereof, if paid, within the period stipulated in the bill or cash memo or receipt or in the absence of such stipulation, within a period of thirty days
- (t) Disclosing to other person any personal information given in confidence by the consumer unless such disclosure is made in accordance with the provisions of any law for the time being in force

### **9. Complainant:**

As per section 2(1)(b) complainant means

- (a) Consumer
- (b) Voluntary consumer association registered under company's act 1956 or any other Law.
- (c) Central or state government
- (d) One or more of consumers where there are numerous consumers having same interest.
- (e) In case of death of consumer then his Legal representative.
- (f) In case of a consumer being a minor, his parent or legal guardian
- (g) Central Authority

### **10. Appropriate laboratory:**

As per section 2(1)(a) It means laboratory established for carrying out analysis or test of goods to determine whether goods suffer from any defect. It may be

- (a) Recognized by central government.
- (b) Recognized by state government subject to guidelines prescribed by central government.
- (c) Maintained financed or aided by central or state government.

### **11. Goods:**

As per section 2(7) of sale of Goods Act, The term goods means only movable things. It does not include 3 things (i) money (ii) immovable property (iii) actionable claims (negotiable instruments like cheque, promissory note etc). The term Goods also includes stock, shares, grass, growing crops and things attached to or forming part of land which are agreed to be severed /cut before or under contract of sale. (As per Consumer Protection Act 2019, Goods also include Food defined under section 3 of the Food Safety and Standards Act, 2006)