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B.Com Honours | Semester 1 | Calicut University

Consumer Awareness and Protection

Course Code: COM1FM105 (3) • Module 2 Notes

1. International Frameworks: The United Nations Guidelines (UNGCP)

Consumer protection is not merely a localized regulatory issue; it is a fundamental pillar of international human rights and socio-economic justice. In the globalized economy, where multinational supply chains span multiple jurisdictions, international standards are indispensable to harmonize national consumer laws, prevent the cross-border dumping of hazardous commodities, and ensure ethical corporate governance.

The global benchmark for consumer policy is the **United Nations Guidelines for Consumer Protection (UNGCP)**, originally adopted by the United Nations General Assembly in **Resolution 39/248 on April 16, 1985**, and comprehensively expanded in **Resolution 70/186 in December 2015** under the auspices of the United Nations Conference on Trade and Development (UNCTAD).

1.1 The Eight Fundamental Consumer Rights under UN Guidelines

While President John F. Kennedy articulated four basic consumer rights in 1962, the United Nations expanded these into an internationally recognized charter of **Eight Inalienable Consumer Rights**:

THE UN CHARTER OF EIGHT CONSUMER RIGHTS (UNGCP)

International Human Rights Standards

1. Right to Basic Needs

The right to have access to basic, essential goods and services required for dignified human survival: adequate nutritious food, clean drinking water, shelter, healthcare, sanitation, energy, and primary education.

2. Right to Safety

The right to be protected against products, production processes, and services that are hazardous to health, physical safety, or life, mandating strict industrial testing and recall standards.

3. Right to Information

The right to be provided with accurate, complete, and unmanipulated facts needed to make informed choices, and to be shielded against misleading advertising, deceitful labeling, and hidden fees.

4. Right to Choose

The right to be assured access to a diverse variety of competitive products and services at fair prices, without coerced monopolistic tie-ins or artificial market supply restrictions.

5. Right to Representation (Be Heard)

The right to have consumer interests fully represented in government policy formulation, statutory regulatory bodies, and economic planning committees.

6. Right to Redressal

The right to receive fair, accessible, expeditious, and inexpensive legal remedies for genuine grievances, including compensation for defective goods, full refunds, and damages.

7. Right to Consumer Education

The right to acquire the knowledge, analytical skills, and critical awareness needed to navigate complex digital markets and understand commercial rights across a person's lifespan.

8. Right to a Healthy Environment

The right to live and work in an environment that is neither threatening nor dangerous to well-being, promoting sustainable consumption patterns that protect future generations.

1.2 Impact of UN Guidelines on Indian Consumer Jurisprudence

The 1985 UN Guidelines served as the direct international catalyst for the enactment of India's historic **Consumer Protection Act, 1986**. The revised 2015 UN Guidelines—which incorporated digital commerce, financial services transparency, algorithmic dark patterns, and cross-border dispute resolution—directly inspired the comprehensive repeal and modernization executed via the **Consumer Protection Act, 2019**, embedding international best practices directly into Indian statutory law.

2. Consumer Goods, Manufacturing Defects & Spurious Products

In consumer jurisprudence, physical merchandise and commodities represent the primary historical arena of commercial disputes. Protecting consumers requires defining the precise statutory boundary of what constitutes a "good", what legal standards establish a "defect", and the criminal/civil consequences of manufacturing "spurious" items.

2.1 The Statutory Definition of "Goods" under Indian Law

Under Section 2(21) of the **Consumer Protection Act, 2019**, *"goods" means every kind of movable property and includes "food" as defined in Section 3(1)(j) of the Food Safety and Standards Act, 2006*. This definition imports the classical formulation under Section 2(7) of the **Sale of Goods Act, 1930**:

- **Scope of Movable Property:** Includes all tangible articles that can be physically severed and transported (automobiles, computers, clothes, furniture, packaged foods).
- **Includes Growing Crops & Industrial Inputs:** Growing crops, grass, and things attached to or forming part of land which are agreed to be severed before sale or under contract of sale.
- **Exclusions:** Strictly excludes *Actionable Claims* (e.g., lottery tickets or unsecured debts) and *Money* (currency legal tender is a medium of exchange, not a consumable good).

2.2 Deconstructing "Defect" in Consumer Goods (Section 2(10))

Under Section 2(10) of CPA 2019, **"Defect"** is defined with sweeping statutory precision: "*Defect means any fault, imperfection or shortcoming in the quality, quantity, potency, 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 any manner whatsoever in relation to any goods.*"

THE TRIPARTITE LEGAL CLASSIFICATION OF PRODUCT DEFECTS

Product Liability Jurisprudence

1. Manufacturing Defects

Occurs during the physical fabrication, assembly, or chemical processing phase. The overall product design is safe, but a flaw, substandard raw material, or assembly error in a specific production batch makes that individual unit dangerous or non-functional (e.g., missing brake bolt in a newly manufactured car; glass shards inside a sealed juice bottle).

2. Design Defects

The flaw is inherent in the foundational engineering blueprints of the product itself. Every single unit manufactured according to that design is inherently defective and hazardous, even if built with perfect craftsmanship (e.g., Samsung Galaxy Note 7 battery housing causing spontaneous explosions; automobile roof structures that collapse during roll-overs).

3. Marketing Defects (Failure to Warn)

The product is manufactured correctly, but the packaging lacks adequate statutory warnings, instructional manuals, or side-effect disclosures regarding non-obvious dangers (e.g., cough syrup containing paracetamol without warning of liver failure if taken with alcohol; power tools lacking clear shock safety warnings).

2.3 Spurious Goods & Adulteration: Penal Consequences (Sections 90 & 91)

Under Section 2(43) of CPA 2019, **"Spurious Goods"** are defined as "*such goods which are falsely claimed to be genuine.*" This covers counterfeit imitations, fake branded electronics, and pirated cosmetics. To deter toxic adulteration, the 2019 Act introduced severe criminal sanctions:

Offense Category	Resultant Harm to Consumer	Statutory Criminal Penalties (Sections 90 & 91)
Manufacturing / Selling Adulterant or Spurious Goods	**No injury** caused to the consumer.	Imprisonment up to **6 months** and a fine up to **₹1 Lakh**.
Adulterant / Spurious Goods Causing Injury	Causes **non-grievous hurt or injury** to the consumer.	Imprisonment up to **1 year** and a fine up to **₹3 Lakhs**.
Adulterant / Spurious Goods Causing Grievous Hurt	Causes **grievous hurt** (permanent impairment, bone fracture, organ damage).	Imprisonment up to **7 years** and a fine up to **₹5 Lakhs**. Offense is cognizable and non-bailable.
Adulterant / Spurious Goods Causing Death	Causes **death of any consumer** (e.g., toxic spurious liquor / poisonous cough syrup).	Imprisonment for a term **not less than 7 years, extending to Life Imprisonment**, and a fine not less than **₹10 Lakhs**. Mandatory suspension/cancellation of business license.

3. The Concept of "Service" & "Deficiency in Service"

In modern tertiary economies, consumers spend more capital hiring and utilizing intangible services—such as digital banking, telecommunications, aviation, insurance, healthcare, and real estate—than purchasing physical goods. Deficiencies in service frequently cause immense emotional agony, severe financial ruin, and physical harm.

3.1 Statutory Definition of "Service" under Section 2(42)

Under Section 2(42) of CPA 2019, **"Service"** is defined expansively: "*Service means service of any description which is made available to potential users and includes, but is not limited to, the provision of facilities in connection with banking, financing, insurance, transport, processing, supply of electrical or other energy, telecom, boarding or lodging or both, housing construction, entertainment, amusement or the purveying of news or other information.*"

Crucial Statutory Exclusions from the Definition of "Service"

1. Free of Charge (Gratuitous) Services: Any service rendered completely free of cost without any direct or indirect consideration is excluded. (e.g., Free medical consultations at charitable or government hospitals where no fee is charged from anyone). However, if a hospital charges rich patients while treating poor patients free, the entire institution is covered under consumer law *(IMA v. V.P. Shantha)*.

2. Contract of Personal Service: A master-servant relationship (e.g., an individual hiring a domestic cook or full-time chauffeur). Disputes arising from employment contracts cannot be adjudicated before Consumer Commissions; they belong to Labor Courts. In contrast, hiring a professional contractor (a *Contract for Service*, e.g., hiring an architect, lawyer, or chartered accountant) is fully covered under consumer law.

3.2 Deconstructing "Deficiency in Service" (Section 2(11))

Under Section 2(11) of CPA 2019, **"Deficiency"** 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.*" Crucially, CPA 2019 explicitly added that deficiency includes:

- Any act of **negligence, omission, or commission** by the service provider which causes loss or injury to the consumer.
- Deliberate **withholding of relevant information** by the service provider to the consumer.

3.3 Sectoral Case Law Breakdown: Deficiency in Service

REAL-WORLD DIMENSIONS OF DEFICIENCY IN SERVICE Judicial Precedents

Service Sector	Nature of Deficiency	Landmark Supreme Court / NCDRC Ruling
Housing & Real Estate	Failure of real estate builders to deliver physical possession of apartments within the contractually promised timeframe.	*Fortune Infrastructure v. Trevor D'Lima (2018):* The Supreme Court held that a buyer cannot be made to wait indefinitely for possession. Delay exceeding a reasonable period constitutes deficiency; the buyer is entitled to a 100% refund of deposited amounts along with high compound interest.
Banking Operations	Unauthorized electronic funds transfer through digital phishing; theft from bank safe-deposit lockers.	*Amitabha Dasgupta v. United Bank of India (2021):* The Supreme Court held that banks cannot evade responsibility for loss of locker contents, ruling that banks owe a high fiduciary duty of care to maintain safe lockers. Banks are strictly liable for fraudulent cyber debits if the customer reports within 3 days.
Insurance Contracts	Arbitrary repudiation of mediclaim or life insurance claims based on ambiguous, tiny-print "pre-existing disease" clauses.	*Manmohan Nanda v. United India Insurance (2021):* The Supreme Court held that insurance companies cannot reject claims based on general exclusions if the insured disclosed basic health facts in good faith; ambiguous policy wording must be interpreted in favor of the insured (Contra Proferentem rule).
Aviation & Travel	Abrupt flight cancellation without rebooking; loss or destruction of checked-in passenger baggage.	Airlines are held strictly liable for passenger mental agony, hotel accommodations, and statutory baggage loss compensation under Directorate General of Civil Aviation (DGCA) passenger charters.

4. Unfair Trade Practices (UTP) vs. Restrictive Trade Practices (RTP)

To preserve market integrity, the Consumer Protection Act draws a sharp statutory distinction between deceptive marketing practices that trick consumers into purchasing goods, and anti-competitive trade practices that manipulate market supply and prices.

4.1 Unfair Trade Practices (UTP) under Section 2(47)

An **Unfair Trade Practice** is a trade practice which, for the purpose of promoting the sale, use, or supply of any goods or service, adopts any unfair method or deceptive practice. Section 2(47) itemizes comprehensive categories of UTP:

1. False Representations & Bogus Claims

- Falsely claiming goods are of a particular standard, quality, grade, composition, style, or model.
- Falsely claiming second-hand, renovated, or reconditioned goods are brand-new.
- Representing that goods have sponsorships, approvals, performance characteristics, accessories, or uses that they do not possess.
- Giving false or misleading warranties or guarantees of performance.

2. Deceptive Pricing & Bogus Contests

- **Misleading Bargain Prices:** Advertising goods at a discounted bargain price when the seller has no intention of supplying them at that rate, or hiking the base price by 100% right before advertising a "50% mega discount."
- **Deceptive Contests & Lotteries:** Organizing games of chance or lucky draws to promote sales without distributing the promised prizes, or artificially manipulating the winning lottery tickets.

3. Non-Issuance of Bill & Refusal to Refund (CPA 2019 Expansions)

- **Refusal to Issue Cash Memo:** Failure or refusal to issue a bill or cash receipt for goods sold or services rendered is now explicitly statutorily classified as an Unfair Trade Practice.
- **Refusing Product Returns / Refunds:** Refusal to take back defective goods or discontinue deficient services and refund the consideration within 30 days of request.

4. Personal Data Breach (Section 2(47)(ix))

Disclosing to any other person any personal information given in confidence by the consumer, unless such disclosure is made in accordance with the provisions of any law. Commercial websites secretly selling consumer phone numbers, search histories, or email databases to telemarketers commit a direct statutory UTP.

4.2 Restrictive Trade Practices (RTP) under Section 2(41)

Under Section 2(41) of CPA 2019, a **Restrictive Trade Practice** means "*a trade practice which tends to bring about a manipulation of price or conditions of delivery or to affect flow of supplies in the market relating to goods or services in such a manner as to impose on the consumers unjustified costs or restrictions.*" Key manifestations include:

- **Tying Agreements (Tie-Up Sales):** Conditioning the sale of a desired primary product upon the mandatory purchase of an unrelated, secondary product.
  Classic Example 1: An LPG cooking gas distributor refusing to issue a new gas connection unless the consumer mandatorily purchases a high-priced gas stove directly from their dealership.

Classic Example 2: A private educational institution making admission conditional upon the mandatory purchase of textbooks, notebooks, and uniforms exclusively from a designated vendor at inflated prices.

- **Delaying Supply to Inflate Prices:** Deliberately delaying the dispatch or delivery of booked vehicles, appliances, or machinery to force the consumer to pay an escalated higher price announced after the booking date.
- **Exclusive Supply Agreements:** Restricting a distributor from dealing in competing products, artificially choking consumer choice in that geographic territory.

4.3 Comparative Matrix: UTP vs. RTP

COMPARATIVE ANALYSIS: UNFAIR TRADE PRACTICES VS. RESTRICTIVE TRADE PRACTICES

Statutory Taxonomy

Dimension	Unfair Trade Practice (UTP - Sec 2(47))	Restrictive Trade Practice (RTP - Sec 2(41))
Core Nature	Deceitful, fraudulent, or manipulative representations regarding product attributes, pricing, or quality.	Anti-competitive obstruction of market trade, manipulating prices or restricting consumer freedom of choice.
Primary Mechanism	Misleading advertisements, fake discounts, selling expired goods, adulteration, non-issuance of bills.	Tying sales, predatory exclusive dealing, cartels, artificial supply bottlenecks, delay in delivery.
Target of Exploitation	Exploits consumer ignorance and lack of technical information.	Exploits consumer lack of bargaining power and monopolistic dependence.
Remedy Available	Cease-and-desist orders, mandatory refunds, replacement of goods, compensation for mental agony, punitive damages.	Directing the seller to sever the tying condition, refunding unjustified costs, and civil penalties.

5. Calicut University Examination Bank: Questions & Solutions

The following curated question-solution sets reflect the exact academic standards, conceptual depth, and analytical rigor prescribed by Calicut University for **COM1FM105 (3): Consumer Awareness and Protection** (Module II: The Consumer Protection Law in India).

Part A: Short Answer Questions (2 Marks Each)

Question 1 [Part A - 2 Marks] **Cognitive Level: Understand**

Define "Goods" under Section 2(21) of the Consumer Protection Act, 2019.

Under Section 2(21) of CPA 2019, **"Goods"** means every kind of movable property and includes "food" as defined under the Food Safety and Standards Act, 2006. It includes tangible movable items and growing crops agreed to be severed before sale, but strictly excludes actionable claims and money.

Question 2 [Part A - 2 Marks] **Cognitive Level: Understand**

What is a "Defect" under Section 2(10) of the Consumer Protection Act, 2019?

A **"Defect"** is defined as any fault, imperfection, or shortcoming in the quality, quantity, potency, purity, or standard required to be maintained by law, under any express or implied contract, or as claimed by the trader in relation to any goods.

Question 3 [Part A - 2 Marks] **Cognitive Level: Remember / Understand**

State the two statutory exclusions from the definition of "Service" under Section 2(42).

Under Section 2(42) of CPA 2019, the two explicit exclusions are: (1) **Free of Charge (Gratuitous) Services** (services rendered without any consideration), and (2) **Contract of Personal Service** (a master-servant employment relationship).

Question 4 [Part A - 2 Marks] **Cognitive Level: Understand**

Define "Deficiency in Service" under Section 2(11) of the Act.

"Deficiency" means any fault, imperfection, shortcoming, or inadequacy in the quality, nature, and manner of performance required by law or contract in relation to any service. Under CPA 2019, it explicitly includes any act of negligence or omission causing harm, and deliberate withholding of relevant information from the consumer.

Question 5 [Part A - 2 Marks] **Cognitive Level: Understand**

What are "Spurious Goods" under Section 2(43) of the Act?

"Spurious Goods" are defined as such goods which are falsely claimed to be genuine. This encompasses counterfeit products, fake branded commodities, unauthorized knock-offs, and fraudulent replicas sold under deceptive packaging.

Question 6 [Part A - 2 Marks] **Cognitive Level: Understand**

What is a Restrictive Trade Practice (RTP)? Give an example.

A **Restrictive Trade Practice** under Section 2(41) is a trade practice that manipulates prices or conditions of delivery, imposing unjustified costs or restrictions on consumers. *Example:* A **Tying Agreement** where an LPG dealer forces a consumer to buy a gas stove as a mandatory condition for granting a new cooking gas connection.

Question 7 [Part A - 2 Marks] **Cognitive Level: Remember / Understand**

Why is non-issuance of a cash memo categorized as an Unfair Trade Practice under CPA 2019?

Under Section 2(47)(vii) of CPA 2019, failing or refusing to issue a bill or cash memo is an Unfair Trade Practice because it deliberately deprives the consumer of legal evidentiary proof of purchase, evades statutory taxation, and prevents the consumer from asserting statutory warranty and product liability claims.

Question 8 [Part A - 2 Marks] **Cognitive Level: Remember**

State the penal punishment under Section 91 for selling spurious goods that cause the death of a consumer.

Under Section 91 of CPA 2019, manufacturing or selling adulterant or spurious goods causing the death of a consumer attracts **imprisonment for a term not less than 7 years, which may extend to Life Imprisonment**, and a fine of not less than **₹10 Lakhs**, alongside mandatory cancellation of the business license.

Part B: Short Essay / Conceptual Questions (5 Marks Each)

Question 9 [Part B - 5 Marks] **Cognitive Level: Analyze**

Examine the Eight Consumer Rights proclaimed under the United Nations Guidelines for Consumer Protection (UNGCP). How do they compare with the rights codified under Indian law?

1. The UN Charter of Eight Consumer Rights:
Adopted under UN Resolution 39/248 and expanded in 2015, the UN recognizes: (1) Right to Basic Needs, (2) Right to Safety, (3) Right to Information, (4) Right to Choose, (5) Right to Representation (Be Heard), (6) Right to Redress, (7) Right to Consumer Education, and (8) Right to a Healthy Environment.

2. Comparison with Indian Consumer Protection Act, 2019:

- *Codified Statutory Rights:* India's CPA 2019 explicitly codifies six of these rights under Section 2(9): Safety, Information, Choice, Heard, Redressal, and Consumer Education.
- *Constitutional Integration:* While "Right to Basic Needs" and "Right to a Healthy Environment" are not explicitly enumerated under Section 2(9) of CPA, the Supreme Court of India has integrated them into the **Fundamental Right to Life under Article 21** of the Constitution.
- *Global Harmonization:* CPA 2019 directly incorporates UN guidelines on cross-border e-commerce dispute resolution, algorithmic bias, and product liability, demonstrating total alignment with international standards.

Question 10 [Part B - 5 Marks] **Cognitive Level: Analyze & Apply**

Explain the scope of "Deficiency in Service" in the Banking and Insurance sectors with relevant judicial interpretations.

Deficiency in service under Section 2(11) occurs when a service provider fails to meet statutory or contractual quality standards:

1. Banking Sector Deficiencies:

- *Unauthorized Cyber Transactions:* Under RBI guidelines and NCDRC precedents, if a consumer suffers an unauthorized digital banking debit and reports it within 3 business days, the bank is strictly liable for zero customer liability. Demanding that the customer bear the loss constitutes deficiency.
- *Safe Deposit Lockers:* In *Amitabha Dasgupta v. United Bank of India (2021)*, the Supreme Court held that banks cannot evade liability for lost or stolen locker contents through boilerplate disclaimers; banks owe a high fiduciary duty of care.

2. Insurance Sector Deficiencies:

- *Arbitrary Claim Repudiation:* Insurance companies frequently reject mediclaim or life insurance claims based on hyper-technical exclusions in small print.
- *Contra Proferentem Rule:* In *Manmohan Nanda v. United India Insurance (2021)*, the Supreme Court ruled that any ambiguity in an insurance policy must be interpreted in favor of the insured consumer. Rejecting claims on undisclosed minor ailments unrelated to the medical emergency constitutes severe deficiency in service.

Question 11 [Part B - 5 Marks] **Cognitive Level: Understand & Distinguish**

Distinguish clearly between Unfair Trade Practices (UTP) and Restrictive Trade Practices (RTP). Provide real-world marketplace examples of each.

Dimension	Unfair Trade Practice (UTP - Sec 2(47))	Restrictive Trade Practice (RTP - Sec 2(41))
Statutory Focus	Deception, fraud, false representations, and dishonest sales promotion.	Anti-competitive obstruction, price manipulation, and market supply restrictions.
Core Objective	Luring the consumer into buying through misleading statements or hiding defects.	Restricting consumer freedom of choice or imposing unjustified financial costs.
Marketplace Examples	• Falsely advertising a refurbished phone as brand-new. • Fabricating discounts by doubling MRP right before a sale. • Refusing to issue a tax bill or cash memo. • Selling consumer phone numbers to third-party telemarketers.	• **Tying Sales:** Forcing a consumer to buy a gas stove to get an LPG cylinder. • Mandating that parents buy school uniforms exclusively from one designated shop. • Delaying delivery of booked cars to enforce an interim price hike.
Consumer Victimization	Consumer is cheated regarding product quality or pricing.	Consumer is forced into buying unwanted goods or paying inflated prices.

Part C: Comprehensive Essay & Case Study Questions (10 / 15 Marks)

Question 12 [Part C - 15 Marks] **Cognitive Level: Evaluate & Synthesize**

Comprehensive Statutory Essay: Critically examine the concepts of "Goods", "Defect", "Service", and "Deficiency" under the Consumer Protection Act, 2019. Trace how judicial activism by the Supreme Court of India expanded consumer protection across medical, housing, and banking sectors.

Statutory Architecture of Goods, Services, Defects, and Deficiencies

The Consumer Protection Act, 2019 is remedial social welfare legislation designed to protect consumers from the superior bargaining power of commercial enterprises. The entire substantive jurisdiction of Consumer Commissions hinges upon the statutory interplay of four core concepts:

1. Goods and Defects (Sections 2(21) & 2(10))

- **Goods:** Broadened to cover every movable property, agricultural produce, and packaged food items, excluding only actionable claims and legal currency.
- **Defect:** Encompasses any fault, imperfection, or shortcoming in quality, quantity, potency, purity, or legal standard. Crucially, defect is not limited to physical non-functioning; delivering 900ml in a bottle labeled 1-Litre is a defect in quantity; presence of unpermitted preservatives is a defect in purity.

2. Service and Deficiency (Sections 2(42) & 2(11))

- **Service:** Broadly itemizes banking, insurance, telecom, transport, energy, housing construction, and entertainment. It excludes only gratuitous (free) services and master-servant personal employment contracts.
- **Deficiency:** Covers any shortcoming in performance required by law, contract, or negligence, including the deliberate withholding of material information from the consumer.

3. Judicial Expansion Across Strategic Sectors

Through pioneering judicial interpretations, the Supreme Court of India dismantled corporate defenses and expanded consumer protection:

- **Medical Healthcare Sector:** In *Indian Medical Association v. V.P. Shantha (1995)*, doctors argued that medicine is a noble profession outside commercial consumer law. The Supreme Court rejected this defense, holding that paid medical treatment constitutes a "service". Aggrieved patients can claim compensation for surgical negligence, retained foreign objects, and improper anesthesia before Consumer Commissions without paying exorbitant civil court fees.
- **Housing & Real Estate:** Unscrupulous builders routinely collected 90% of apartment costs while delaying possession for 5 to 10 years. In *Lucknow Development Authority v. M.K. Gupta (1994)* and *Fortune Infrastructure v. Trevor D'Lima (2018)*, the Supreme Court ruled that housing construction is a statutory service. Unreasonable possession delays entitle flat buyers to terminate the contract and claim complete refunds with 9%–12% compound interest and damages for mental harassment.
- **Banking & Digital Financial Transactions:** In *Punjab National Bank v. K.B. Shetty* and recent cyber fraud rulings, the judiciary held that banks are trustees of public deposits. Banks cannot shift

liability onto customers for electronic debit unauthorized transactions occurring due to institutional cybersecurity vulnerabilities.

Question 13 [Part C - 15 Marks] **Cognitive Level: Apply & Synthesize**

Venture / Consumer Case Study Analysis:

1. **Ramesh books a 3-BHK luxury apartment in Kochi with "Green Valley Builders" for ₹85 Lakhs in January 2021, paying an advance of ₹75 Lakhs under an agreement promising possession by December 2022. By June 2024, the builder has completed only the bare concrete pillar structure and halted construction due to internal financial disputes, demanding an additional ₹15 Lakhs from Ramesh to resume work due to escalating steel costs.**
    - **Evaluate whether Ramesh qualifies as a consumer and whether the builder's conduct constitutes "Deficiency in Service".**
    - **What specific statutory reliefs can Ramesh claim before the State Consumer Disputes Redressal Commission?**
2. **A premier private school in Calicut mandates that all newly admitted students must purchase school textbooks, stationery, and uniforms exclusively from a private commercial shop operating inside the school campus at prices 40% higher than prevailing market rates. When parents request permission to purchase standard NCERT books from outside bookstores, the school principal threatens to cancel their children's admissions. Analyze the legality of the school's conduct under Section 2(41) and Section 2(47) of the Consumer Protection Act, 2019.**

Comprehensive Practical Case Solutions

Part 1: The Real Estate Housing Dispute

- **Ramesh's Legal Status & Builder's Deficiency:**
    - Ramesh is a bona fide **Consumer** under Section 2(7) of CPA 2019 because he hired the housing construction services of the builder for a lawful monetary consideration of ₹75 Lakhs for personal residential occupation (not commercial speculation).
    - The builder's failure to deliver the flat by December 2022 and halting work for over 18 months constitutes severe **Deficiency in Service** under Section 2(11). Demanding an uncontracted escalation of ₹15 Lakhs constitutes an **Unfair Trade Practice**. In *Fortune Infrastructure v. Trevor D'Lima (2018)* and *Pioneer Urban Land and Infrastructure v. Govindan Raghavan (2019)*, the Supreme Court established that flat purchasers cannot be compelled to wait indefinitely at the builder's mercy.
- **Statutory Reliefs Claimable by Ramesh:**
    - Ramesh can file a consumer complaint before the **State Consumer Disputes Redressal Commission** (since the claim value is ₹85 Lakhs, falling within the State Commission's jurisdiction of ₹50 Lakhs to ₹2 Crores under CPA 2019).
    - *Relief 1 (Full Refund with Interest):* Complete refund of the entire ₹75 Lakhs paid along with compound interest @ 9% to 12% per annum calculated from the date of each deposit until realized.
    - *Relief 2 (Compensation for Mental Agony):* Substantial financial damages for emotional harassment, physical distress, and rental expenses incurred while waiting for possession.
    - *Relief 3 (Litigation Costs):* Award of full legal and court litigation expenses.

Part 2: The School Uniform & Book Tying Dispute

- **Restrictive Trade Practice (RTP - Section 2(41)):**
  - The school's mandate constitutes a classic, textbook violation of **Tying Agreement / Tie-Up Sale** under Section 2(41) of CPA 2019.
  - The school is conditioning the primary service (educational admission) upon the compulsory, involuntary purchase of secondary tangible commodities (uniforms and stationery from an exclusive on-campus vendor), manipulating the conditions of supply and imposing unjustified financial costs on parents.
- **Unfair Trade Practice (UTP - Section 2(47)):**
  - Charging a 40% markup above prevailing open-market rates through an exclusive dealership monopoly constitutes an Unfair Trade Practice. Threatening to cancel admissions constitutes institutional coercion.
- **Regulatory & Legal Consequences:**
  - Under Central Board of Secondary Education (CBSE) circulars and Department of Education rules, schools are strictly prohibited from coercing parents into buying books or uniforms from designated vendors.
  - Parents can jointly file a class-action complaint before the **District Consumer Commission** or petition the **Central Consumer Protection Authority (CCPA)**. The CCPA is empowered to issue binding cease-and-desist orders, invalidate the exclusive vending contract, order a refund of the 40% overcharged margin to all parents, and levy punitive fines on the institution.