UNIT – V

Consumer Protection Act & Motor Vehicles Act

Special Statutes Protecting Consumers & Road Accident Victims

CPA 1986 • MV Act 1988

LEARNING ROADMAP

What We Will Cover

01 **Consumer Protection Act, 1986**
Salient features, Consumer, Defect & Deficiency

02 **Medical Services & Remedies**
Coverage of medical services and available reliefs

03 **Consumer Forums & Procedure**
Redressal agencies, limitation & penalties

04 **Motor Vehicles Act, 1988**
Salient features & no-fault liability

05 **Third Party Insurance & Claims Tribunal**
Compulsory insurance and adjudication

01 • CONSUMER PROTECTION ACT, 1986

Salient Features

Note: Replaced by CPA 2019

Special Law

Provides simple, speedy and inexpensive redressal of consumer disputes.

Three-Tier System

District Forum, State Commission and National Commission.

Wide Definitions

Broad definitions of ‘consumer’, ‘goods’, ‘service’, ‘defect’ and ‘deficiency’.

Additional Rights

Recognises consumer rights (safety, information, choice, redressal, education).

No Court Fee (initially)

Minimal or no court fee; simplified procedure.

Quasi-Judicial

Forums have powers of civil court for limited purposes.

01 • WHO IS A CONSUMER?

Definition under the Act

A consumer is a person who buys any goods or hires/avails any service for a consideration. It includes any user of such goods or beneficiary of services when such use is made with the approval of the buyer. It excludes a person who obtains goods for **resale or commercial purpose**.

Includes

Buyer of goods, hirer of services, and users/beneficiaries with approval.

Excludes

Persons buying for resale or purely commercial purpose (with limited exceptions).

Consideration

Must be for consideration (payment). Free services generally excluded.

Key Case

Lucknow Development Authority v. M.K. Gupta – public authorities can be held liable as service providers.

Core Concepts

Defect in Goods

Any fault, imperfection or shortcoming in the quality, quantity, potency, purity or standard which is required to be maintained by or under any law or under any contract/express or implied.

Includes goods that are not of merchantable quality or not fit for the purpose made known to the seller.

Deficiency in Services

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 or under a contract.

Covers a wide range of services: banking, insurance, transport, housing, electricity, medical, education (in some cases), etc.

02 • MEDICAL SERVICES

Whether Medical Profession is Covered

Indian Medical Association v. V.P. Shantha (1995) – The Supreme Court held that medical services rendered for consideration are covered under the Consumer Protection Act. Free services and services under a contract of personal service are excluded.

Covered

Doctors, hospitals and nursing homes charging fees for treatment. Patients are ‘consumers’.

Not Covered

Services rendered free of charge (e.g., pure government free hospitals) and contracts of personal service.

Standard

Deficiency is judged by the standard of a reasonably competent medical professional in that field.

Impact

Opened the doors of consumer forums for medical negligence claims – faster and cheaper than civil courts.

02 • REMEDIES TO CONSUMERS

Reliefs that can be Granted

Removal of Defects

Order to remove the defect from the goods.

Replacement

Replace the goods with new goods of similar description.

Refund

Return the price paid by the consumer.

Compensation

Award compensation for loss or injury suffered.

Discontinue Unfair Trade

Order to discontinue unfair or restrictive trade practice.

Corrective Advertisement

Order to issue corrective advertisement.

Stop Hazardous Goods

Prohibit sale of hazardous goods.

Costs & More

Payment of costs and any other relief as deemed fit.

Three-Tier Structure

District Forum

Original jurisdiction up to ₹20 lakh (under 1986 Act limits; later revised). Presided by a President (District Judge rank) + 2 members.

State Commission

Original jurisdiction above District limit up to ₹1 crore + appeals from District Forum. President is a High Court Judge (sitting/retired).

National Commission

Original jurisdiction above State limit + appeals from State Commission. President is a Supreme Court Judge (sitting/retired).

Appeal & Revision

Appeals lie to the next higher forum. National Commission orders can be challenged before the Supreme Court.

03 • LIMITATION & PENALTIES

Time Limits and Consequences

Limitation

Complaint must be filed within 2 years from the date on which the cause of action arises.

The Forum may entertain a belated complaint if it is satisfied that there was sufficient cause for the delay (condonation of delay).

Cause of action generally arises when the defect/deficiency occurs or when it comes to the knowledge of the consumer.

Penalties

Failure to comply with an order of the Forum/Commission can lead to:

- Imprisonment up to 3 years, or
- Fine up to ₹10,000, or both.

The Act also provides for penalties for frivolous or vexatious complaints (costs can be imposed on the complainant).

04 • MOTOR VEHICLES ACT, 1988

Salient Features

Comprehensive Code

Regulates licensing, registration, construction, control of traffic, insurance and claims arising from motor accidents.

No-Fault Liability

Special provisions for liability without fault in cases of death or permanent disablement (Sections 140–144).

Compulsory Insurance

Every motor vehicle must be insured against third-party risks (Section 146).

Claims Tribunals

Special Motor Accident Claims Tribunals for speedy adjudication of compensation claims.

Hit and Run

Special provisions for compensation in hit-and-run cases from a Solatium Fund.

Penal Provisions

Detailed offences and penalties relating to driving, pollution, overloading, etc.

04 • LIABILITY WITHOUT FAULT

Sections 140–144, MV Act

No-fault liability means the owner/insurer is liable to pay compensation in case of death or permanent disablement arising out of the use of a motor vehicle, even without proving negligence or fault on the part of the driver/owner.

Death

Fixed compensation (amount revised periodically by notification).

Permanent Disablement

Fixed lower amount than death cases.

Interim Nature

Claim under no-fault can be made in addition to claim on the basis of fault (but amount paid is adjusted).

No Need to Prove Fault

Claimant need not plead or prove negligence – only the accident and resulting death/disablement.

Compulsory Cover & Adjudication

Third Party Insurance

Section 146 makes it compulsory for every motor vehicle to be insured against third-party risks.

Covers liability for death or bodily injury to any person or damage to property of a third party caused by the use of the vehicle.

Insurer can be made a party and is liable to satisfy the award (subject to policy terms and defences).

Claims Tribunal

Motor Accident Claims Tribunals (MACT) are constituted for speedy disposal of compensation claims.

Jurisdiction over claims arising out of motor vehicle accidents.

Can follow summary procedure.

Award can be enforced as a decree of civil court.

Appeals lie to the High Court (subject to pecuniary limits).

KEY TAKEAWAYS

Summary of Unit-V

01

CPA 1986

Special statute for speedy consumer redressal through a three-tier quasi-judicial system.

02

Consumer & Coverage

Wide definition of consumer; covers defect in goods and deficiency in services, including medical services for consideration.

03

Remedies

Wide range of reliefs – removal of defect, replacement, refund, compensation, etc.

04

MV Act – No-Fault

Liability without fault for death/permanent disablement; fixed compensation under Sections 140–144.

05

Insurance & Tribunal

Compulsory third-party insurance and exclusive jurisdiction of Claims Tribunals for motor accident claims.

Thank You

"Consumer protection and victim compensation are pillars of a just legal system."