

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:2625

ANSWERED ON:01.08.2017

Protection against Unfair Contracts

Yadav, Shri,Tejpratap Singh

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether under the present laws, the contracts are unilateral and there is no protection of consumers against unfair contracts;
- (b) if so, whether unfair terms in contracts are skewed in favour of service providers and manufacturers;
- (c) if so, whether the Law Commission has suggested additional provisions in Indian Contract Act and Specific Relief Act to protect the consumers;
- (d) if so, whether there is an urgent need to amend the Consumer Protection Act; and
- (e) if so, the steps taken by the Government in this regard?

Answer

THE MINISTER OF STATE
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
(SHRI C. R. CHAUDHARY)

(a) & (b) : No Madam. The Indian Contract Act, 1872 determines obligations of the parties to perform or offer to perform respective promises unless such performance is dispensed with or excused under the provisions of the Act, or of any other law.

(c) : As informed by the Law Commission of India, the Law Commission examined the law of contracts including consumer contracts in its Report No.199 on 'Unfair (Procedural and Substantive) Terms in Contracts' in 2006. The Commission was of the view that it has become necessary to provide additional provisions for redressal against unfair terms of contracts, apart from the existing provisions contained in the Indian Contract Act and Specific Relief Act. Therefore, it decided to bring in new provisions to deal with 'procedural' and 'substantive' unfairness, and that, at the same time, did not propose to disturb the existing provisions of the Indian Contract Act, 1872 and of the Specific Relief Act, 1963. The Commission proposed to have 'general provisions' both for 'procedural' and 'substantive' unfairness in the new Bill titled 'The Unfair (Procedural and Substantive) Terms of Contracts Act, 2006' (annexed to the said report). The proposed Bill aimed to declare certain provisions of the laws relating to contracts and specific performance, as procedural and substantive, to further define unfairness in contracts, as procedural and substantive, to determine impact of unfairness on contracts, to provide guidelines for such determination and to enable Courts to grant certain reliefs to relieve parties from the effect of unfairness in contracts.

(d) & (e) : The Government has already introduced the Consumer Protection Bill, 2015 in Parliament to replace the existing Consumer Protection Act, 1986. The Bill provides for redressal against unfair contracts having terms unfair to the consumers.
