

Government of India
Ministry of Consumer Affairs, Food and Public Distribution
Department of Consumer Affairs

LOK SABHA
UNSTARRED QUESTION NO. 1604
TO BE ANSWERED ON 20.09.2020

PROTECTION AGAINST UNFAIR CONTRACTS

1604. DR. JAYANTA KUMAR ROY: SHRI VINOD KUMAR SONKAR: SHRI RAJA AMARESHWARA NAIK: SHRI BHOLA SINGH: SHRIMATI SANGEETA KUMARI SINGH DEO: DR. SUKANTA MAJUMDAR:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्री be pleased to state:

- (a) whether the contracts signed by companies are unilateral and there is no protection of consumers against unfair contracts, if so, the details thereof;
- (b) whether unfair terms in contracts are skewed in favour of service providers and manufacturers, if so, the details thereof;
- (c) whether the Law Commission has suggested additional provisions in Indian Contract Act and Specific Relief Act to protect the consumers;
- (d) if so, the details thereof and Government's reaction thereon;
- (e) whether the amended Consumer Protection Act has not been able to provide redressal against contracts with unfair terms to the consumers; and
- (f) if so, the steps taken by the Government in this regard?

ANSWER

उपभोक्त मामले खाद्य एवं सार्वजनिक वितरण राज्य मंत्री
(श्री दानवे रावसाहेब दादाराव)

THE MINISTER OF STATE
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
(SHRI DANVE RAOSAHEB DADARAO)

(a) & (b) : No Sir. 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) & (d) : As informed by the Law Commission of India, in order to protect the consumers, the Law Commission in its Report No.199 titled 'Unfair (Procedural and Substantive) Terms in Contracts' recommended that the provisions of the Indian Contract Act, 1872 and of the Specific Relief Act, 1963 need not be disturbed.

(e) & (f) : The Consumer Protection Act, 2019 has come into force w.e.f. 20th July, 2020 and has replaced the Consumer Protection Act, 1986. As provided in the new Act unfair contract means a contract between a manufacturer or trader or service provider on one hand and a consumer on the other, having such terms which cause significant change in the rights of such consumer, including the following, namely:—

- (i) requiring manifestly excessive security deposits to be given by a consumer for the performance of contractual obligations; or
- (ii) imposing any penalty on the consumer, for the breach of contract thereof which is wholly disproportionate to the loss occurred due to such breach to the other party to the contract; or
- (iii) refusing to accept early repayment of debts on payment of applicable penalty; or
- (iv) entitling a party to the contract to terminate such contract unilaterally, without reasonable cause; or
- (v) permitting or has the effect of permitting one party to assign the contract to the detriment of the other party who is a consumer, without his consent; or
- (vi) imposing on the consumer any unreasonable charge, obligation or condition which puts such consumer to disadvantage;
