CONSUMER PROTECTION ACT-1986

Salient features of the Act are: 1) The Act aims to provide better and all-round protection to consumers.

2) In terms of geographical application, it applies to the whole of India except the State of Jammu and Kashmir.

3) It applies to all goods and services unless otherwise expressly notified by the Central Government.
4) It is indeed a very unique and highly progressive piece of social welfare legislation and is . acclaimed as the magna carta of Indian consumers.

5) It provides effective safeguards to the consumers against different types of exploitation such as defective goods, unsatisfactory (or deficient) services and unfair trade practices.

Meaning of Consumer: S.2 (1) (d) defines the term consumer:(in respect of person/individual)

i) the goods or services must have been purchased or hired or availed of for consideration which has been paid in full or in part or under a system of deferred payment, i.e., in respect of hire-purchase transactions; ,

ii) ii) goods purchased **should not be meant for re-sale** or for a commercial purpose.

Section 2(1) (c): '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 good.

The Act envisages a three- tier quasi-judicial machinery at the National, State and District levels.

1. National Consumer Disputes Redressal Commission -□ National Commission. (Exceeding 1 Crore)
2. State Consumer Disputes Redressal Commissions -□ State Commission. (> Rs. 20 Lakhs < Rs. 1 Crore)
3. District Consumer Disputes Redressal Forums - District□ Forum. (< Rs. 20 Lakhs.)

Note: please refer to the chart on the dispute redressal system from your book.(we hav discussed in the class).

Negotiable Instrument Act......contd.......

Some important terms:

Negotiation.--- When a promissory note, bill of exchange or cheque is transferred to any person, so as to constitute that person the holder thereof, the instrument is said to be negotiable.

Noting. When a promissory note or bill of exchange ha s been dishonoured by non-acceptance or non-payment, the holder may cause such dishonour to be noted by a notary public upon the instrument, or upon a paper attached thereto, or partly upon each.Such note must be made within a reasonable time after dishonour, and must specify the date of dishonour, the reason, if any, assigned for such dishonour, or, if the instrument has not been expressly dishonoured, the reason why the holder treats it as dishonoured, and the notaries charges.

Protest..Protest. When a promissory note or bill of exchange has been dishonoured by non-acceptance or non-payment, the holder may, within a reasonable time, cause such dishonour to be noted and certified by a notary public. Such certificate is called a protest.

Protest for better security. When the acceptor of a bill of exchange has become insolvent, or his credit has been publicly impeached, before the maturity of the bill, the holder may, within a reasonable time, cause a notary public to demand better security of the acceptor, and on its being refused may, within a reasonable time, cause such facts to be noted and certified as aforesaid. Such certificate is called a protest for better security.

When a banker must and may refuse payment of cheque:

Dishonour of a cheque by banker. It is in the following cases that a banker must refuse to honour his customer's cheques:

1. When the customer himself has issued instruction to the banker form stopping the payment of the cheque.
2. When the banker receives notice of the customer's death.
3. When the customer has become insolvent.
4. When the banker receives notice of customer becoming of unsound mind.
5. When there is court's order to do so.
6. When holder's title is found to be defective.

And further in the following cases, the banker may refuse to honour his customer's cheques: when the cheque is post-dated. If the bank makes payment of such a cheque then it does so at its own risk.

1. When there are not sufficient funds in customer's account.
2. When the cheque is not duly presented.
3. When some other irregularity is suspected.
4. When the cheque is not presented within a reasonable time or within the limitation period.