Seller equally liable for defective product

CONSUMER PROTECTION

JEHANGIR B GAI

Nilesh Nenshi Gala purchased two Bluestar split air conditioners from Reliance Retail on September 27, 2018, for which he paid ₹70,000 at the rate of ₹35,000 each. The air-conditioners came with a one-year warranty.

In March 2019, while the warranty was still in force, one of the air conditioners developed cooling issues. Nenshi approached the seller to resolve the problem. A technician from Bluestar inspected the unit and confirmed the fault. Although the manufacturer agreed to replace the defective air conditioner, no action followed. Reliance also continued to delay the matter. Faced with inaction, Nenshi filed a complaint before the South Mumbai District Consumer Disputes Redressal Commission (District Commission), alleging deficiency in service.

Reliance contested the complaint and argued that it was not maintainable as it did not constitute a consumer dispute. It admitted that Nenshi had complained about the faulty unit and that complaint had been forwarded to the manufacturer, who, after inspection, had agreed to replace it. Reliance contended that the warranty was given by the manufacturer, yet Bluestar had deliberately not been made a party to the proceedings. It maintained that its role was limited to informing the manufacturer about complaints, and since it had done so, no negligence could be attributed to it.

Reliance further argued that it could not be held liable for any defect in the product as the manufacturer alone provided the warranty. The company alleged that Nenshi wanted the new unit without returning the defective one, and had made other unacceptable demands, which led to the replacement not being provided. Reliance insisted that the complaint was false, frivolous and vexatious, and liable to be dismissed.

Nenshi denied that he wanted to retain the defective unit, terming the allegation false and baseless. He reiterated that the promised replacement was not provided despite repeated follow-ups and that no reason was ever assigned for the delay or failure to send the replacement.

The District Commission overruled Reliance's objections. It held the complaint to be maintainable since both air conditioners were purchased for domestic use. It observed that the defect in cooling had occurred within the one-year warranty period and that the manufacturer had agreed to replace the defective unit. The Commission also noted that Reliance had failed to produce any evidence to support its accusation that Nenshi wanted to keep the faulty air conditioner. It concluded that the failure to replace the defective unit amounted to deficiency in service.

The Commission pointed out that under consumer law, the seller is equally accountable for ensuring that the buyer receives a defect-free product, and would be liable for failing to redress the purchaser's grievance.

> THE DISTRICT COMMISSION POINTED OUT THAT UNDER CONSUMER LAW, THE SELLER IS EQUALLY ACCOUNTABLE FOR ENSURING THAT THE BUYER RECEIVES A DEFECT-FREE PRODUCT

The Commission emphasised that Reliance, as a prominent retail chain, was expected to uphold the standard of professional conduct when dealing with customers, rather than making baseless allegations to shirk its own accountability.

The Commission concluded that Reliance was guilty of deficiency in service and had engaged in unfair trade practice. By its order dated August 7, 2025, delivered by Presiding Officer Sadikali Sayyad for the Bench along with GM Kapse, the Commission directed Reliance to replace the defective air conditioner. It also noted that Nenshi had undergone considerable mental agony and harassment, for which he was entitled to ₹10,000 as compensation and ₹5,000 towards litigation costs. A period of 30 days was allowed for compliance, failing which the amount would carry 9 per cent interest.

The writer is a consumer activist

INVESTING IN AGRICULTURAL LAND

Urbanisation can boost value, but enter with decade-long horizon

Zoning law changes, encroachment pose risks; adhere to state-specific rules

KARTHIK JEROME

A leading actor's daughter is facing legal trouble over her purchase of agricultural land outside Mumbai, according to media reports. The plot was originally earmarked for agricultural use and could not be transferred without obtaining the necessary permissions and completing the required paperwork, which was not done. Investors planning to invest in agricultural land outside a major city to benefit from its expansion need to exercise caution.

Red flags to watch out for

- Missing or incomplete mutation records
- Unclear or disputed titles
- Pending litigation
- Restrictions under tenancy, ceiling, or state laws
- Encumbrances like mortgages, attachments, acquisition notices
- False promises of regularisation or conversion
- Transactions without mandatory approvals

City's growth drives prices up

Buying land on the city outskirts with a long horizon can be rewarding. "Urbanisation creates demand and leads to appreciation in the value of such land," says S G Raja Sekharan, wealth management expert and author of the book, *How to get rich and retire early*, which deals with investing in agricultural land.

Investing in agricultural land also diversifies an investor's portfolio. "Investors can enjoy the benefits of various incentives and subsidies offered by the government. They can also enjoy tax savings under the rules applicable to agricultural income," says Santhosh Kumar, vice chairman, Anarock Group.

Illiquid asset

Investing in agricultural land comes with its share of risks. "There are strict limitations on how agricultural land can be used," says Kumar.

It is also among the most illiquid asset classes. "Selling and exiting quickly may prove difficult," he says.

Zoning law changes can impact value. If conversion to non-agricultural use is restricted, the prospects for appreciation decline. Encroachment is another concern.

Compensation in the event of government acquisition may be lower for such land. Cash dealings are common. "Finding buyers or sellers willing to transact entirely in white money is difficult," says Raja Sekharan.

Title disputes and other risks

Title disputes are common, with extended family members often raising ownership claims. Poor documentation is widespread. "Legally clean farmland is difficult to find. It requires time, money, and legal effort to verify the title," says Raja Sekharan.

"The absence of mutation records increases risk. Pending litigation may cloud ownership rights," says Asha Kiran Sharma, partner, King Stubb & Kasiva, Advocates and Attorneys. She adds that encumbrances such as mortgages, court attachments, or acquisition notices may also affect ownership.

Foreign Exchange Management Act (FEMA) rules impose further restrictions. Non-resident Indians (NRIs) and foreigners cannot buy agricultural land unless they inherit it or obtain special authorisation. Sellers may also at times make false promises of regularisation or conversion.

Abide by state laws

State laws can pose further hurdles. "Restrictions under state laws may block ownership," says Shweta Tiwari, associate partner, IndiaLaw.

Rules vary across states. "Many states do not let people who are not farmers or do not have a farming history acquire farmland, unless they can show proof of eligibility or get special permission," says Kumar.

"In Maharashtra and Gujarat, only agriculturists can buy, while non-agriculturists need prior approval from the Collector. In West Bengal, there are no restrictions on the purchase of agricultural land, subject to compliance with ceiling limits and land use conditions. In Himachal Pradesh, outsiders cannot buy farmland without state sanction. In Nagaland, customary laws restrict ownership to Naga tribes. Karnataka recently liberalised its laws, allowing non-agriculturists to buy farmland, subject to income and ceiling conditions," says Anuja N Mukerji, partner, Aquilaw.

If non-agriculturists are not permitted to buy agricultural land, they should obtain permission from the authorities. "Transactions without the Collector's approval can impair the validity of the purchase," adds Mukerji.

Pay the right price

Buyers must check recent transactions to ensure they are paying the right price. "The price you pay should be in line with market trends. Negotiate to ensure you get a good price," says Sekharan.

Location is critical. "Make sure the land parcel is likely to be included in future development plans of the city," says Raja Sekharan. Land within 10 kilometres of a metro's boundary is more likely to gain value as the city expands.

Raja Sekharan adds that land must be held for at least 10 years to generate meaningful returns.

Thorough title check is a must

Investors must confirm they are eligible to purchase the land and ensure a clear title. "Land records, encumbrance certificates, and conversion permissions should be checked carefully," says Sharma.

A 7/12 extract, issued in states such as Maharashtra and Gujarat, provides key details about agricultural land. "The 'other rights' column in the 7/12 extract may reveal tenancy or statutory restrictions," says Mukerji.

Tiwari suggests conducting a physical survey of the land before purchase.

Know the tax rules

Rural agricultural land is not treated as a capital asset, so gains are not taxable. Urban agricultural land attracts capital gains tax. A holding period of more than 24 months leads to long-term capital gain (LTCG), while a period of 24 months or less results in short-term capital gain (STCG).

"STCG is taxed at the individual's slab rate. LTCG is taxed at 12.5 per cent without indexation for transfers on or after July 23, 2024, or 20 per cent with indexation for transfers made before this date. Surcharge and cess also have to be paid," says Suresh Surana, a Mumbai-based chartered accountant.

Surana adds that if rural land comes within municipal limits or distance thresholds at the time of transfer, it becomes taxable.