

PUNJAB UNIVERSITY

v.

UNIT TRUST OF INDIA & ORS.
(Civil Appeal No. 400 of 2007 etc.)

JULY 09, 2014

[CHANDRAMAULI KR. PRASAD AND
PINAKI CHANDRA GHOSE, JJ.]

CONSUMER PROTECTION ACT, 1986:

s. 2(1) (d) (i) and (ii) -- "Consumer" - "Commercial purpose" -- Universities making investment in "Institutional Investors Special Fund Unit Scheme, 1998" (IISFUS-98) floated by Unit Trust of India (UTI) - Complaints by Universities before National Commission that maturity proceeds were far less than that was stipulated & Maintainability of -- Held: The term "commercial purpose" must be interpreted considering the facts and circumstances of each case - The words 'commercial purposes' would cover an undertaking the object of which is to make profit out of the undertakings - In the instant case, services of UTI were availed by complainants for betterment of their employees, and no benefit by way of profit was to accrue to complainants - In view of definition of word 'commerce', under no circumstances, appellants could be said to be indulging in any 'commercial' activity -- Thus complainant-Universities fall within the definition of "consumer" as defined in s.2(1)(d) of the Act and the complaints are maintainable before National Commission - However, on merits, complainants have no case - It has been clearly stipulated in the 'terms of offer' that the maturity amount will depend on the NAV and that the same was guaranteed not to be below the par value of Rs. 10 per unit - All investments are subject to market risk and fluctuations and investors have to exercise due caution while

A *investing any amount in any Scheme -- Just because the maturity amount is below their expectations they cannot drag the service provider to court for the same - National Commission correctly dismissed the claim of complainants on merits -- Consumer Protection Act, 1987(UK) - S.20(6).*

B The appellant in C.A. No. 400 of 2007, namely, the Punjab University, made investment in the "Institutional Investors Special Fund Unit Scheme, 1998" (IISFUS-98) floated by the respondent-Unit Trust of India, with a specific understanding that the dividend receivable during the Scheme period would be reinvested and it would be refunded with a minimum interest @ of 13.5% per annum. The investment was made out of the funds "Foundation for Higher Education & Research". UTI issued two IISFUS-98 certificates for 1,90,00,000 units and 45,00,000 units worth Rs. 19 crores and Rs. 4.5 crores, respectively, with each unit having a face value of Rs. 10/- . When the cheques of the maturity amounts were received by the appellant, it found the same far less than the maturity proceeds. The appellant-University filed a complaint before the National Consumer Disputes Redressal Commission contending that the respondent had assured that the dividend income would be reinvested in further units at Net Asset Value (NAV) and on those units the University was assured that they would get a minimum return @ 13.5% per annum and that it would be repurchased at par i.e. @ Rs. 10/-. The National Commission held the complaint of the University as maintainable under the Act for deficiency of service by the respondent-Institution, but dismissed the same. Aggrieved, the Punjab University as well as UTI filed appeals. The other appeal was filed in the similar circumstances by the Punjab Agricultural University.

H In the instant appeals, it was contended for the UTI that the appellant-Universities did not fall under the term

"consumer" as defined u/s 2(1)(d) of the Consumer Protection Act, 1986 and the respondent-UTI was not providing any "services" as defined u/s 2(1)(e) of the Act. It was submitted that the services of participating in the Schemes of the UTI were for commercial purpose if the same were not availed by any person exclusively for the purposes of earning his livelihood by means of self-employment.

The questions for consideration before the Court were: "whether the complainant-Universities fall within the ambit of the definition of "consumer" as laid down in Section 2(1)(d) of the Act and that the "services" hired by them are not for any "commercial purpose"; and "whether in terms of the offer, is there any deficiency of services".

Disposing of the appeals, the Court

HELD: 1.1. Clauses (i) and (ii) of s. 2(1)(d) of the Consumer Protection Act, 1986 must be interpreted harmoniously and in light of the same, Explanation following s.2(1)(d)(ii) of the Act would be clarificatory in nature and would apply to the instant case and as held by this Court in *Laxmi Engineering Works**, the term "commercial purpose" must be interpreted considering the facts and circumstances of each case. This Court further held that the Explanation added by way of amendment is clarificatory in nature and as the Act always meant the same, the amendment will apply to all pending proceedings as well. [para 19-20] [288-F; 290-E-F]

**Laxmi Engineering Works vs. P.S.G. Industrial Institute 1995 (3) SCR 174 = 1995 (3) SCC 583; Lucknow Development Authority vs. M.K. Gupta 1993 (3) Suppl. SCR 615 =1994 (1) SCC243 - relied on.*

1.2. The words 'commercial purposes' would cover

A an undertaking the object of which is to make a profit out
of the undertakings. In the instant case the services of
UTI were availed by the complainant for the betterment
of their employees, therefore, such an investment was
made, and no benefit by way of profit was to accrue to
B the complainant, improving their balance-sheet. In view
of the definition of the word 'commerce', under no
circumstances, the appellant could be said to be
indulging in any 'commercial' activity so as to exclude it
from the definition of 'consumer' as enshrined in the Act.
C The intent of the Universities in the instant dispute is not
profiteering and the same is for benevolent interest and
there is no intention whatsoever that the investment is
made for any commercial purpose or gain and, therefore,
the complainant Universities fall within the definition of
"consumer" as defined in s. 2(1)(d) of the Act and the
D complaints are maintainable before the National
Commission. [para 21] [291-F-H; 292-A-B]

Stroud's Judicial Disctionary - referred to.

E 1.3. On merits, the complainants have no case. It has
been clearly stipulated in the 'terms of offer' that the
maturity amount will depend on the NAV and that the
same was guaranteed not to be below the par value of
Rs. 10 per unit. All investments are subject to market risk
and fluctuations and an investor has to exercise due
F caution while investing any amount in any Scheme; just
because the maturity amount is below the expectations
of the investors they cannot drag the service provider to
court for the same. [para 22] [293-E-G]

G 4. The National Commission correctly held that the
complainant-Universities would come within the purview
of "consumer" and correctly dismissed their
complainants on merits. [para 23] [293-H; 294-A]

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Morgan Stanley Mutual Fund v. Kirtick Das 1994 (1) A
Suppl. SCR 136 = 1994 (4) SCC 225 - cited.

Case Law Reference

1995 (3) SCR 174 relied on para 6

1994 (1) Suppl. SCR 136 cited para 15 B

1993 (3) Suppl. SCR 615 relied on para 20

CIVIL APPELLATE JURISDICTION : Civil Appeal No. 400
of 2007. C

From the Judgment and Order dated 17.10.2006 of the
National Consumer Disputes Redressal Commission, New
Delhi in Original Petition No. 97 of 2004.

WITH D

C.A. Nos. 503 of 2008 and 4664 of 2009

Amarendra Sharan, Vibhv Tiwari, Ravi Prakash Mehrotra,
Bhargava V. Desai, Shreyas Mehrotra, Annam D.N Rao,
Annam Venkatesh, Sudipto Sircar, Neelam Jain, Vaishali R.
Shivaji M. Jadhav for the Appearing parties. E

The Judgment of the Court was delivered by

PINAKI CHANDRA GHOSE, J. : 1. Delay in filing Civil
Appeal No.503 of 2008 is condoned. F

2. Civil Appeal No.400 of 2007 has been filed by the
Punjab University which is a statutory/autonomous body
constituted under the Punjab University Act, 1947 for imparting
education to the general public. Civil Appeal No.503 of 2008
is the cross appeal filed by the Unit Trust of India. Both the
aforementioned appeals arise against the impugned judgment
dated October 17, 2006 of the National Consumer Disputes
Redressal Commission (hereinafter referred to as "National
Commission") in Original Petition No.97 of 2004, which was G
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- A filed by Punjab University, being the complainant against the Unit Trust of India (hereinafter referred to as "UTI"). Civil Appeal No.4664 of 2009 filed by the UTI arises against the impugned order dated April 17, 2009 passed by the National Commission in Original Petition No.51 of 2005, which has been filed by the
 B complainant Punjab Agriculture University against the opposite party being the UTI.

3. As the consumer complaint filed in both the matters pertains to the same scheme being the "Institutional Investors Special Fund Unit Scheme, 1998" (hereinafter referred to as
 C "IISFUS-98") in which the Punjab University (complainant in Original Petition No.97 of 2004) and Punjab Agriculture University (complainant in Original Petition No.51 of 2005) invested and the National Commission while passing the order
 D in Original Petition No.51 of 2005 relied upon its earlier decision rendered in Original Petition No.97 of 2004, all the matters were heard together and are being disposed of by means of this common judgment.

4. To understand the controversy in these appeals, we will
 E briefly discuss the factual matrix, which for the sake of brevity is limited to the facts extracted from Civil Appeal No. 400 of 2007 and is stated as under:

4.1. Punjab University employs thousands of employees
 F for the smooth functioning of the University and for this purpose it receives grants from the Central Government as well as from the State Government for making payment to its employees towards salaries, provident funds, gratuity etc. The University has a contributory Provident Fund Scheme-for its employees and its fund is maintained and administered by the University.
 G In the year 1993, Punjab University invested an amount of Rs.9.6 crores in the "Institutional Investors Special Fund Unit Scheme-93" (hereinafter referred to as "IISFUS-93") of UTI, which was an open ended scheme.

H 4.2. The amount was invested with the reinvestment option

of the dividend and the said amount became Rs.19.78 crores on termination of the scheme by the UTI on March 31, 1998. This Scheme guaranteed protection of original capital and assured a return of 16% per annum payable half yearly. The IISFUS-93 Scheme was unilaterally terminated by the UTI w.e.f. March 31, 1998 and the maturity amount became Rs.19,78,26,299.44p.

4.3. Thereafter, in the year 1998, another Scheme i.e. IISFUS-98 was floated by the UTI and Punjab University invested an amount of Rs.19 crores which was received by it on the maturity of IISFUS-93 with a specific understanding that the dividend receivable during the Scheme period would be reinvested and it would be refunded with a minimum interest at the rate of 13.5% per annum.

4.4. In view of the conversion of Rs.19 cores from IISFUS-93 to IISFUS-98, the University also made an investment of Rs.4.5 crores. This investment was made out of the funds "Foundation for Higher Education & Research". The Head Office of UTI at Mumbai issued two IISFUS-98 certificates for 1,90,00,000 units and 45,00,000 units worth Rs.19 crores and Rs.4.5 crores respectively, with each unit having a face value of Rs.10/-. The dispute in this matter revolves around the question as to whether the University is entitled to interest at the rate of 13.5% on the reinvested amount i.e the dividend which is reinvested with the UTI.

4.5. On June 4, 2003, the UTI sent the cheques for the maturity amount of Rs.30,45,23,910.23 and for Rs.7,13,81,520/- drawn on UTI Bank Limited and also furnished the details of the maturity payments against the investments. On receiving the cheque for Rs.30,45,23,910.23, being the maturity amount of Rs.19 crores from the UTI, the appelland University was surprised and shocked as according to the "Terms of Offer" of IISFUS-98, the maturity proceeds would be Rs.48,76,88,935.12/- which is higher than the amount received. The University served a legal notice to the UTI for the deficit

A payment of Rs.18,31,65,024.89 and Rs.4,21,93,558/- along with interest. On November 10, 2004, the University filed a complaint, being Original Petition No.97 of 2004, before the National Commission. The contention of the appellant-University before the National Commission was that they were assured that the dividend income would be reinvested in further units at Net Asset Value (hereinafter referred to as "NAV") and on those units also, in any case, they were assured that they would get minimum return @ 13.5% per annum and that it would be repurchased at par i.e. @ Rs.10/-. The respondents filed a response to the said complaint filed by the appellant University.

4.6. The National Commission vide its order dated October 10, 2006 dismissed the said complaint filed by the appellant-University on merits. However, the Commission held that the complaint of the appellant-University is maintainable under the Act for deficiency of services by the respondent-Institution. Hence, the appellant University is before us challenging the order passed by the National Commission and the respondent-Institution is challenging the locus standi of the appellant-University before the National Commission in its cross-appeal before us.

5. The case of the appellant being Punjab University is that UTI failed to honour the assurance of 13.5% per annum returns and that they were in breach of contract as they invested more than 20% in equity markets owing to which the NAV fell and the same amounts to deficiency of services. It has been further submitted by the learned counsel appearing on behalf of the appellant that the respondents failed to disclose the details of the alleged Non-Performing Assets and also failed to disclose the efforts made by them to recover Non-Performing Assets and how they intended to treat them. It has also been submitted that the National Commission was incorrect in considering the offer document which was not binding on the parties especially in the light of the fact that UTI did not give them the offer document and they were only given a letter dated March 9, 1998 addressed

by the Executive Director of UTI, terms of offer and the conversion application but not the offer document. It has been lastly contended that the impugned order is incorrect in view of the fact that the appellant as per the terms of offer was required to read the offer document without the same being binding on the parties and that the terms pertaining to the Development Reserve Fund were not honoured.

6. In addition to the above, the Punjab Agriculture University the complainant in Original Petition No.51 of 2005, being the respondent in Civil Appeal No 4664 of 2009 through the learned counsel appearing on its behalf submitted that the investment made by the appellant University in the IISFUS-98, cannot come under the term "commercial" as per the meaning of the word "commerce" as has been held by the National Commission in the impugned judgment. For this purpose, he relied upon the decision of this Court in *Laxmi Engineering Works vs. P.S.G. Industrial Institute*¹.

7. Learned counsel for Punjab Agriculture University further submitted that in the light of the specific findings of the National Commission that "no benefit by way of profit was to accrue to the complainant, improving its balance-sheet", there was no question of the University making any profit and even if the University was making any profit after paying the statutory dues to its employees, it cannot be called a commercial purpose as it had invested the money on the basis of the promise made by UTI that the University would be paid interest at the rate of 13.5% per annum for the investment made in the IISFUS-98, for the reason that the scheme was open only to the institutions, the UTI was charging a consideration for the scheme floated by it.

8. It was further submitted by the learned counsel for the appellant University that the investors who deposited their money in the UTI Scheme are the consumers and in the event

1. (1995) 3 SCC 583.

A of a breach by the UTI in respect of the promise made by it, it would be open to them to approach the Consumer Forums for "deficiency" of service, and the UTI cannot take a plea that the investments were made for profit and not for earning livelihood. The counsel of the Punjab Agriculture University concluded his arguments by submitting that a distinction has to be made as to how the goods are further used; merely because institutions at the invitation of the UTI had invested money in IISFUS-98, they cannot be called as commercial people just because the investment is made for the purpose of earning a profit, and if such a narrow view is taken then the institutions who deposit money with the financial institutions in order to earn interest, in furtherance of their obligation of discharging their duties, would be deprived of litigating their cases for breach of promise under the Act.

D 9: Mr. Amarendra Sharan, learned senior counsel appearing on behalf of UTI on the other hand, submitted that the complainant Universities do not fall under the term "consumer" as defined under Section 2(1)(d) of the Act and the respondent-UTI was not providing any "services" as defined under Section 2 (1)(o) of the Act and hence the complainant Universities are not entitled to any relief before the National Commission. We will reproduce Section 2(1)(d) of the Act for ready reference:

F "(d) 'Consumer' means any person who,-

(i) buys any goods for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment and includes any user of such goods other than the person who buys such goods for consideration paid or promised or partly paid or partly promised, or under any system of deferred payment, when such use is made with the approval of such person, but does not include a person who obtains such goods for resale or for any commercial purpose; or

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(ii) hires or avails of any services for a consideration which has been paid or promised or partly paid and partly promised, or under any system of deferred payment and includes any beneficiary of such services other than the person who hires or avails of the services for consideration paid or promised, or partly paid and partly promised, or under any system of deferred payment, when such services are availed of with the approval of the first mentioned person but does not include a person who avails of such services for any commercial purpose;

Explanation.- For the purposes of this clause, "commercial purpose" does not include use by a person of goods bought and used by him and services availed by him exclusively for the purposes of earning his livelihood by means of self-employment."

10. It is the contention of the learned senior counsel appearing for the UTI that from the definition of "consumer" as quoted above, it is clear that "consumer" means any person who hires or avails of any services for a consideration, but does not include a person who avails of such services for any commercial purpose and the "commercial purpose" does not include services availed by him exclusively for the purposes of earning his livelihood by means of self-employment. Learned senior counsel submitted that the services of participating in the Schemes of the UTI are for commercial purpose if the same are not availed by any person exclusively for the purposes of earning his livelihood by means of self-employment. He further submitted that as the University invested the money in the UTI's Scheme for the purpose of getting higher returns through the Stock Market for commercial enrichment of its fund, and no consideration was charged by the UTI for the returns on investment, the University is excluded from the definition of "consumer".

11. Mr. Sharan, learned senior counsel further submitted

A that the University is not availing the Schemes exclusively for
the purposes of earning its livelihood by means of self-
employment inasmuch as the University's livelihood is by
imparting education for consideration from students in the form
of tuition and other allied fees/charges and this activity of the
B University is not 'self-employment'. That it is an admitted fact
that the services availed by the University were neither for their
self-employment nor for their livelihood and therefore the
transactions were for the purpose of investment in the Stock
Market with the object of earning profit and a higher rate of
C return and thus it would be for 'commercial purpose'.

12. Mr. Sharan, learned senior counsel drew our attention
to the fact that the University invested the monies of the CPF/
GPF and Pension Funds and it admitted before the National
Commission that the payment of pension to the pensioners/
D family pensioners is also made from the interest accrued from
these investments. As per Mr. Sharan, the aforementioned
clearly established that the investment by the University in the
Stock Market is for earning profits and that these risks for
higher returns are purely commercial ventures with clear
E intention and motive to achieve the purpose of higher
commercial benefits to the University so as to enable it to
discharge its liability of payments to the pensioners.

13. Mr. Sharan, learned senior counsel further submitted
F that even assuming, without admitting, that the UTI was
providing services to the University, there is no deficiency in
services as alleged by the University. It is Mr. Sharan's case
that the University opted for the reinvestment option and UTI
reinvested the income into further units at the then prevailing
NAV and at the end of the Scheme, the UTI has redeemed the
G parent units at par in terms of the Offer Document, and the
reinvested units were redeemed at the prevailing NAV rate in
terms of the Scheme.

14. In addition to the above, Mr. Sharan submitted that the
H National Commission failed to appreciate that the investment

in the IISFUS-98 was of "commercial nature" as it provided higher return at the rate of 13.5% per annum on reinvestment in commercial venture in the Stock Market Mutual Funds and/ or Debt market for earning higher commercial profit. The entire investment made in the scheme was for the purpose of getting higher commercial returns and thus it is purely a commercial purpose.

15. Learned senior counsel for the UTI further submitted that the National Commission erred in not taking into account the provisions of the IISFUS-98 but the fact that the investments were being made from the funds generated by Employees Pension and Provident Funds and that the instant investment made by the University for a commercial consideration, is itself a commercial venture. He concluded his arguments by submitting that there was no direct investment by the individual employees nor they were beneficiaries of higher income and it was purely an Institutional investment and the beneficiary of such investment was only the Institution. Individual employees would not have been paid the higher rate of interest on their EPF and pension contribution but they would have been entitled to fixed rate of interest as per the applicable Provident Fund Schemes, irrespective of whether the funds were invested or not. In support of his arguments, Mr. Sharan relied upon the decisions of this Court in *Morgan Stanley Mutual Fund v. KirtickDas*², and *Laxmi Engineering Works* (supra).

16 The broad arguments of Mr. Sharan on merits are that UTI has instituted a closed ended IISFUS-98 for five years for Institutional Investors who wanted to invest large amounts in an exclusive Scheme and that as per IISFUS-98, there were two options available to the investors, first option being that UTI assured income of 13.5% on the invested amount and second option being that the investor had an option to choose reinvestment of income @ 13.5% into further units, income of

A which would go to the account of the investor. Punjab University had opted for the "reinvestment option" on its own volition, which is evident from the application form duly signed on behalf of Punjab University and as per the "reinvestment option" of IISFUS-98, all unit holders had an option to reinvest the income
B received @ 13.5% annually on the outstanding units into further units at NAV in terms of Clause XXVII of the 'offer document' of the IISFUS-98, as per which the units allotted under the reinvestment option under Clause XXVII are not subject to the conditions and stipulations governing the parent units in respect
C of the minimum holding, repurchase and other matters. That as per Clause XXVII, all the unit holders including the complainant University under IISFUS-98 were paid maturity amount as per the provisions of the Scheme i.e. the parent units were repurchased at par as guaranteed and accumulated units
D acquired by way of reinvestment option at NAV prevailing at the time of maturity. That as per the Scheme the income of the University was reinvested annually by UTI at the prevailing NAV as per the provisions of the Scheme. Furthermore, the assurance given by the letter dated March 9, 1998 by the Chairman of the UTI was with regard to the return of 13.5% per
E annum on the capital invested, and along with the said letter the Terms of Offer were enclosed, which gave an option to the investor to receive the amount of 13.5% p.a. in cash or to reinvest the said return by purchasing UTI units; the Terms of Offer also provided that the option for reinvestment of income/
F return would be on prevailing NAV without any sales load. Mr. Sharan concluded his arguments by submitting that in terms of the above submissions the National Commission correctly dismissed the complaint of Punjab University on merits

G 17. Having heard the arguments of the parties concerned and after perusing the documents produced before us, we find that the primary question to be answered in the present appeals is whether the complainant-Universities fall within the ambit of the definition of "consumer" as laid down in
H Section 2(1)(d) of the Act and that the "services" rendered by

them are not for any "commercial purpose". Based on the answer in the aforementioned question we need to consider whether the learned Commission has correctly dismissed the complaint on merits. A

18. We noticed that in the explanation given under Section 2(1)(d), by means of an amendment in 2003 (w.e.f. March 15, 2003) the term "sub-clause (i)" was substituted with "clause" to further widen the scope of the applicability of the explanatory clause. The quandary which exists thus in light of the amendments is whether services availed by the complainants (being investment in the IISFUS-98 made through UTI) precludes them from being consumers under the Act by virtue of those being availed for "commercial purpose". To determine the same we will discuss the various interpretation of the term "commercial purpose". B C D

19. This Court in Laxmi Engineering Works (supra) has dealt with the meaning of the term "commercial purpose" vis-à-vis the definition of "consumer" most exhaustively and the position remains the same till date. We will refer to the relevant portion of the said decision as under: E

"Now coming back to the definition of the expression 'consumer' in Section 2(d), a consumer means in so far as is relevant for the purpose of this appeal, (i) a person who buys any goods for consideration; it is immaterial whether the consideration is paid or promised, or partly paid and partly promised, or whether the payment of consideration is deferred; (ii) a person who uses such goods with the approval of the person who buys such goods for consideration (iii) but does not include a person who buys such goods for resale or for any commercial purpose. The expression "resale" is clear enough. Controversy has, however, arisen with respect to meaning of the expression "commercial purpose". It is also not defined in the Act. In the absence of a definition, we have to go by its ordinary meaning. "Commercial" denotes H

A "pertaining to commerce" (Chamber's Twentieth Century Dictionary); it means "connected with, or engaged in commerce; mercantile; having profit as the main aim" (Collins English Dictionary) whereas the word "commerce"
B means "financial transactions especially buying and selling of merchandise, on a large scale" (Concise Oxford Dictionary). The National Commission appears to have been taking a consistent view that where a person purchases goods "with a view to using such goods for carrying on any activity on a large scale for the purpose of earning profit" he will not be a "consumer" within the meaning of Section 2(d)(i) of the Act. Broadly affirming the said view and more particularly with a view to obviate any confusion the expression large-scale" is not a very precise expression the Parliament stepped in and added the explanation to Section 2(d)(i) by Ordinance/Amendment Act, 1993. The explanation excludes certain purposes from the purview of the expression "commercial purpose" - a case of exception to an exception."

It must be noted that in the aforesaid decision this Court
E was dealing with 'sale of goods', however, the Bench in all its wisdom made it clear that post the 1993 amendment, what is 'commercial purpose' shall be governed by 'the facts of each case'. This Court further held that the Explanation added by way of amendment is clarificatory in nature and as the Act always
F meant the same, the amendment will apply to all pending proceedings as well.

20. This Court in *Laxmi Engineering Works* (supra) relying upon another judgement of this Court in *Lucknow Development Authority vs. M.K. Gupta*³, observed as under:-

G "In *Lucknow Development Authority v. M.K. Gupta* the question was whether a public authority engaged in constructing and selling houses can be said to be

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 3. (1994) 1 SCC 225.

rendering a 'service' and whether the person purchasing such houses can be called a 'consumer' within the meaning of the said definition. While answering the question in the affirmative, a Bench of this Court (Kuldip Singh and R. M. Sahai, JJ) also examined the scheme and object of the Act and the ambit of the definition of the expression 'consumer'. The following observations are apposite : (SCC pp. 251 - 54, paras 2 and 3)

"To begin with the preamble of the Act, which can afford useful assistance to ascertain the legislative intention, it was enacted, 'to provide for the protection of the interest of consumers'. Use of the word 'protection' furnishes key to the minds of makers of the Act. Various definitions and provisions which elaborately attempt to achieve this objective have to be construed in this light without departing from the settled view that a preamble cannot control otherwise plain meaning of a provision. In fact the law meets long-felt necessity of protecting the common man from such wrongs for which the remedy under ordinary law for various reasons has become illusory.

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The word 'consumer' is a comprehensive expression. It extends from a person who buys any commodity to consume either as eatable or otherwise from a shop, business house, corporation, store, fair price shop to use of private or public services. In Oxford Dictionary a consumer is defined as, 'a purchaser of goods or services'. In Black's Law Dictionary it is explained to mean, 'one who consumes'. Individuals who purchase, use, maintain, and dispose of products and services. A member of that broad class of people who are affected by pricing policies, financing practices, quality of goods and services, credit reporting, debt collection, and other trade practices for which State and Federal Consumer Protection Laws are enacted'. The Act opts for no less wider definition.

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B It is in two parts. The first deals with goods and the other with services. Both parts first declare the meaning of goods and services by use of wide expressions. Their ambit is further enlarged by use of inclusive clause. For instance, it is not only purchaser of goods or hirer of services but even those who use the goods or who are beneficiaries of services with approval of the person who purchased the goods or who hired services are included in it. The legislature has taken precaution not only to define 'complaint', 'complainant', 'consumer', but even to mention in detail what would amount to unfair trade practice by giving an elaborate definition in clause ® and even to define 'defect' and 'deficiency' by classes (f) and (g) for which a consumer can approach the Commission. The Act thus aims to protect the economic interest of a consumer as understood in commercial sense as a purchaser of goods and in the larger sense of user of services."

E It is thus seen from the above extracts that Section 2(1)(d)(i) is discussed exclusively by this Court. We are of the opinion that clauses (i) and (ii) of Section 2(1)(d) of the Act must be interpreted harmoniously and in light of the same, we find that Explanation following Section 2(1)(d)(ii) of the Act would be clarificatory in nature and would apply to the present case and as held by this Court in Laxmi Engineering Works (supra), the term "commercial purpose" must be interpreted considering the facts and circumstances of each case.

G 21. Under Section 20(6) of the Consumer Protection Act, 1987 of the United Kingdom, the definition of the term "consumer" is thus:

H "**Consumer-** (a) in relation to any goods means any person who might wish to be supplied with the goods for his own private use or consumption.

(b) in relation to any services or facilities, means any person who might wish to be provided with the services or facilities otherwise than for the purposes of any business of his; and

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(c) in relation to any accommodation, means any person who might wish to occupy the accommodation otherwise than for the purposes of any business of his;"

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As per Stroud's Judicial Dictionary the term "commercial" is defined as under:

"Commercial- (1) Commercial action includes any clause arising out of the ordinary transactions of merchants and traders and, without prejudice to the generality of the foregoing words, any cause relating to the constructions of a mercantile document, the export or import of merchandise, affreightment, insurance, banking, mercantile agency and mercantile usage

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(2) An incorporated canal company whose profits arose from tolls, was held a 'commercial company', or a company associated for "commercial purposes," and, as such, liable to become bankrupt under Joint Stock Companies Act 1844."

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Thus, the words 'commercial purposes' would cover an undertaking the object of which is to make a profit out of the undertakings. In the present case the services of UTI were availed by the complainant for the betterment of their employees, that such an investment was made, and it is to be made clear that no benefit by way of profit was to accrue to the complainant, improving its balance-sheet, in view of the definition of the word 'commerce' given above, under no circumstances, the appellant could be said to be indulging in any 'commercial' activity, thus excluding him from the definition of 'consumer' as enshrined in the Act. The intent of the Universities in the present dispute is not profiteering and the

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A same is for benevolent interest and there is no intention
whatsoever that the investment is made for any commercial
purpose or gain and therefore we find that the complainant
Universities fall within the definition of "consumer" under the Act
and the complaints are maintainable before the National
B Commission.

22. Now, we need to consider whether in terms of the offer,
is there any deficiency of services. The National Commission's
findings regarding the same are as under:

C "The terms of the offer specifically provides that the UTI
would pay an assured return of 13.5% p.a. for all the 5
years of the scheme. The said return (income) for the first
year was agreed to be paid in July, 1998. Thereafter,
income for the subsequent years was to be paid in July
D each year. The balance period from 1st July, 2002 to 31st
May, 2003 the income was to be paid in May, 2003. After
this, option was given to the investors to reinvest the
income at prevailing NAV. On maturity it is guaranteed that
repurchase price will not be less than the par value of the
E units, i.e. Rs.10/-. However, there is no such guarantee for
premature repurchase and the purchase price will depend
on NAV. Further, income assured under the scheme and
protection of capital on maturity is guaranteed by the
Development Reserve Fund of the Trust.

F With regard to capital invested, admittedly, the units are
repurchased at par value of unit, i.e. Rs.10 and not at NAV.

Thereafter, the terms and conditions are provided in offer
document. One of the highlights provides that capital
G invested in the scheme will be protected on maturity and
the units would not to be redeemed below par.

However, it is made clear that there is no such guarantee
for units purchased from the return/dividend. It is true that
H there is vagueness in this term. There is no clarification

whether the said term is applicable to premature repurchase of the units or repurchase of units purchased from the yearly return, i.e. dividend. However, this is to be read along with para-X which provides method of repurchase of units. In this also, the same phraseology is used as stated above. However, the clause makes it clear that return or dividend at the rate of 13.5% p.a. is to be reinvested on the basis of NAV, that means, if the price of the unit is Rs.9/-, the income would be invested in units and the purchase price for each unit would be Rs.9/- even though its face value is Rs.10/-.

Thereafter, para XXVII provides for reinvestment of income distributable in further units. It specifically provides that: "A unit holder who has repurchased the reinvested units may continue to avail of the reinvestment facility in respect of the income distributable for the subsequent years. The units allotted under the reinvestment facility under this clause are not subject to the conditions and stipulations governing the parent units in respect of the minimum holding, repurchase are other matters."

We have considered the same in light of the documents produced before us and we find that on merits, the complainants have no case. It has been clearly stipulated in the 'terms of offer' that the maturity amount will depend on the NAV and that the same was guaranteed not to be below the par value of Rs. 10 per unit. All investments are subject to markets risks and fluctuations and an investor has to exercise due caution while investing any amount in any Scheme just because the maturity amount is below their expectations they cannot drag the service provider to Court for the same.

23. For the reasons stated and the discussion we had in the preceding paragraphs, we hold that the National Commission correctly held that the University would come within the purview of "consumer" as defined in Section 2(1)(d) of the

A said Act and correctly dismissed the claim of the complainants on merits.

24. In light of the aforesaid discussion Civil Appeal No.400 of 2007 lacks merits and the same is dismissed. Civil Appeal Nos.503 of 2008 and 4664 of 2009 are disposed of in terms of this judgment.

Rajendra Prasad

Appeal disposed of.