



CONSUMER

NCDRC Clarifies “Consumer” Status In Real Estate Transactions: Key Takeaways From Mrs. Rajni Suryakant Gujar V. Shree Vinayaka Developers

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PUBLISHED 20 June 2025

Introduction

The National Consumer Disputes Redressal Commission ([NCDRC](#)) has reaffirmed critical boundaries around the definition of a “consumer” under the Consumer Protection Act, particularly in the context of real estate transactions undertaken for commercial purposes. The case *Mrs. Rajni Suryakant Gujar v. Shree Vinayaka Developers* (FA No. 89 of 2017) involved a dispute over a property transaction that ultimately turned into a legal contest about jurisdiction and consumer standing.

Background of the Case

The appellants, including Mr. Mukul Suryakant Gujar, acting under a power of attorney for Mrs. Rajni Suryakant Gujar, claimed to have paid Rs. 50 lakhs to Shree Vinayaka Developers towards the purchase of a 7,000 sq. ft. plot in Undri, Pune. The transaction was backed by a Memorandum of Understanding (MoU) executed in December 2010, and the appellants alleged that despite full payment, the developer failed to execute the sale deed. A consumer complaint was filed before the Maharashtra State Consumer Commission, which dismissed the matter on the ground that the appellants did not qualify as “consumers.” This led to the appeal before the NCDRC.

The Crux: Who Is a Consumer?

The NCDRC upheld the State Commission’s view and dismissed the appeal. In doing so, it reiterated the principle laid down in the landmark Supreme Court case *Laxmi Engineering Works v. P.S.G. Industrial Institute*, (1995) 3 SCC 583. The Commission observed that persons purchasing goods or services for commercial purposes do not fall within the definition of “consumer.”

Importantly, although the Consumer Protection Act, 1986 was the applicable law in this case (since the complaint was filed in 2013 and appeal in 2017), the same principle is preserved under the Consumer Protection Act, 2019, particularly in Section 2(7), which defines a consumer and continues to exclude persons availing goods or services for commercial purposes with limited exceptions.

In this case, the Commission found that the appellants were engaged in the business of real estate brokerage and land dealings, and the transaction formed part of their regular commercial activity. Hence, they were not “consumers” under either the 1986 or the 2019 law.

Transaction with Individual Partner

Another key aspect the Commission addressed was the role of Mr. Kumar Srinivas Mandera, a partner in Shree Vinayaka Developers. The MoU was signed by him in his personal capacity, and the payment was made into his personal bank account. The NCDRC noted that Clause 16 of the partnership deed required all transactions to be conducted in the name of the firm. Therefore, the firm and the other partners were not liable for the actions of Mr. Mandera.

The Commission also noted that the appellants had acknowledged the fraud through correspondence and had even lodged an FIR in 2012, making it a matter better suited for adjudication in civil or criminal courts rather than before a consumer forum.

Complex Fraud Not for Consumer Fora

Citing *Paramjeet Singh v. National Insurance Co. Ltd.* (2019) and *Chetan Arvind Mehta v. Inspector General of Police* (2020), the Commission reiterated that disputes involving fraud, criminal breach of trust, or complex factual questions should be tried before appropriate courts and not in summary consumer proceedings. This principle is in line with the objectives of the 2019 Act, which despite expanding consumer rights retains the limitation that serious civil or criminal disputes must be tried before proper judicial forums.

Final Verdict

The NCDRC concluded that the appellants had knowingly entered into a personal transaction with a partner of the firm, disregarding the formal requirements of the partnership. Given the commercial nature of the transaction and the allegations of fraud, the complaint was rightly dismissed. The appeal stood dismissed, with liberty granted to the appellants to pursue

appropriate remedies before a civil or criminal court.

Why This Matters

- **Consumer Status Clarified:** It reinforces that real estate agents, brokers, or investors involved in property dealings for profit cannot seek recourse under [consumer laws](#) under either the old or new Act.
- **Firm Liability Limited:** It draws a clear line between individual acts of a partner and the liability of the firm, provided proper clauses exist in the partnership deed.
- **Jurisdictional Discipline:** By pushing complex fraud cases out of the consumer forum, the judgment safeguards the summary nature of consumer proceedings and helps avoid jurisdictional overreach.

Conclusion

For those navigating real estate litigation or representing aggrieved parties in property disputes, this decision is a timely reminder to carefully evaluate the consumer status of the complainant and the capacity in which parties have contracted. As consumer forums become increasingly burdened, such rulings ensure that they remain focused on their intended purpose: protecting genuine consumers not commercial operators or investors.

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