

LAW OF CONSUMER DISPUTES



A BRIEF HANDBOOK | NEPAL

A black and white photograph showing the lower legs and feet of several people walking on a light-colored, reflective floor. The people are in motion, and their shadows are cast long and dark on the floor in front of them. The background shows a tiled floor transitioning into the smooth floor.

NDM CORPORATE SOLUTIONS
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INDEX

1. ABBREVIATIONS.....	1
2. INTRODUCTION.....	2
3. CONSUMER PROTECTION RIGHTS.....	3-4
4. DUTIES OF STAKEHOLDERS.....	5-7
5. CONCERNED AUTHORITIES.....	8-9
6. ROLE OF INSPECTION OFFICER.....	10-11
7. ROLE OF DIRECTOR GENERAL	12-13
8. ROLE OF THE CONCERNED DISTRICT CONSUMER COURT OR DISTRICT COURT.....	14-15
9. ROLE OF THE CONCERNED HIGH COURT	16
10.ROLE OF SUPREME COURT.....	17
11.PROCESS MAP.....	18
12.RELEVANT PERSONNEL	19

I. ABBREVIATION

DC	District Court
DCC	District Consumer Court
DG	Director General of Department of Commerce, Supplies and Consumer Protection
GA	Government Attorney
HC	High Court
IO	Inspection Officer
Sec.	Section
SC	Supreme Court

II. INTRODUCTION

Article 44 of the Constitution of Nepal, 2072 (2015) provides a constitutional right to every person by stating that Consumers shall have the right to access and obtain quality goods and services. In addition, it also stipulates that a Consumer who has suffered an injury from a substandard good or service has the right to receive compensation. In connection thereof, the Consumer Protection Act, 2075 (2018) (the “Act”) has provided duties of stakeholders, and has also provided redressal mechanisms for Consumers in the event of any breach of these legal duties. The Government of Nepal has begun the process of establishing Nepal’s first District Consumer Court, located in Kathmandu, which is reported to become operational by December 2024.

III. CONSUMER PROTECTION RIGHTS

All Consumers have been empowered with the following rights in terms of Section 3 of the Consumer Protection Act, 2015 (2018):

- a. Right to obtain quality goods and services
- b. Right to easy access to goods or services.
- c. Right to choose quality goods or services at fair and competitive prices.
- d. Right to be informed of the price, quantity, purity, quality etc. of the goods or services.
- e. Right to obtain information from the producer, importer or seller regarding the quantity, ingredient or percentage of the substances contained in the goods made of or produced with the mixture of two or more than two substances.
- f. Right to be safe from the sale and distribution of the goods and services that inflict harm to the human body, life, health and property.
- g. Right to get appropriate legal action taken against unfair trade and business activities.
- h. Right to obtain compensation against harm and injury caused with the use of goods or services.

- i. Right to receive remedy or hearing from the competent authority or entity in relation to the protection of the rights and interests of the consumers.
- j. Right to get consumer education.

IV. DUTIES OF STAKEHOLDERS

1. Section 7(1): Duties of the Producer

- a. To produce quality goods or services.
- b. To determine the label of goods.
- c. To include all details as per Section 6 on labels.
- d. To avoid producing defective products.
- e. To collect and responsibly destroy defective goods in the market.
- f. To compensate consumers for harm caused by defective goods or services.
- g. To avoid misleading advertisements.
- h. To inform consumers about product contents and ingredients.
- i. To comply with additional conditions prescribed by law.

2. Section 8(1): Duties of the Importer

- a. To avoid exceeding or altering costs.
- b. To provide product details upon request.
- c. Not to import prohibited goods.
- d. To fulfill all such liabilities as prescribed

3. Section 9: Duties of the Carrier

- a. To transport goods on time based on their nature.
- b. To prevent quality degradation during transport.

- c. To adhere to prescribed safety conditions.
- d. To provide product details upon request.
- e. To fulfill other prescribed obligations.

4. Section 10: Duties of the Hoarder

- a. To safely store goods as per their nature.
- b. To prevent quality degradation.
- c. To avoid altering product labels or details.
- d. To provide details of stored goods upon request.
- e. To adopt prescribed safety measures.
- f. To fulfill other prescribed obligations.

5. Section 11: Duties of the Seller

- a. To sell goods without discrimination
- b. To prevent quality degradation during storage and sale.
- c. To display clear price lists.
- d. To provide product details upon request.
- e. To honor guarantees or warranties.
- f. To sell on a first-come-first-served basis.
- g. To provide receipts for sales.
- h. To fulfill other prescribed obligations.

6. Section 12: Duties of service provider

- a. To provide services without discrimination.



- b. To display service details and pricing visibly.
- c. To provide service-related documents upon request.
- d. To serve customers on a first-come-first-served basis.
- e. To issue receipts for payments.
- f. To fulfill other prescribed obligations.

V. CONCERNED AUTHORITIES

Sr. No.	Authority	Powers and Functions
1.	Council of Ministers	Rules making powers under the Act. Fixing price of essential goods and market standards. Prescribing authority for determination of prices of goods and services.
2.	Ministry of Industry, Commerce, and Supply.	Implementation of the decisions of the Council of Ministers, and market regulation.
3.	Federal Department of Commerce, Supplies, and Consumer Welfare	Appointment of Inspection Officer, and conducting inspections and investigations.
4.	Central, Provincial, and Local Monitoring Committees	Monitoring of market forces.
5.	Consumer Protection Council	Making policy recommendations to the Government of Nepal in relation to Consumer welfare.
6.	Concerned High Court	To hear appeals against the decision of the concerned District Consumer Court / District Court.

7.	Concerned District Consumer Court	Decide the consumer cases within its original jurisdiction. To hear appeals against the original jurisdiction matters of the DG.
8.	Concerned District Court	Where the District Consumer Court has not been established, decide the consumer cases within its original jurisdiction.
9.	Director General of the Department of Commerce, Supplies, and Consumer Protection (the "DG")	Decide consumer cases within its original jurisdiction, and decide review petitions against the fine related orders of the Inspection Officer.
10.	Government Attorney	Determining whether or not to file a case either before the DG or the concerned District Consumer Court/ District Court, upon receiving inspection/investigation report from the Inspection Officer.
11.	Inspection Officer/Committee	Inspection and investigation into violations of the Act. Imposition of fines and subsequent punitive action in certain cases.
12.	Price Information Centre	Collection of factory, wholesale and retail prices.
13.	Laboratory	Checking if submitted goods are sub-standard.
14.	Market Monitoring Team	Monitoring execution of legal duties of sellers of goods and services.

VI. ROLE OF INSPECTION OFFICER

Adjudicatory Authority	Nature of Jurisdiction	Offenses	Punishment	Relevant Section
Inspection Officer	Original Jurisdiction	Failure or causing the failure to keep bills and invoices as per the law.	Fine of NPR 5,000/- to NPR 20,000/-. Double for repeated offence.	Section 39 (1) (a) of the Act
		Doing or causing to be done certain unfair trade practices.	Fine of NPR 2,00,000/- to NPR 3,00,000/-. Double for repeated offence.	Section 39 (1) (b) of the Act
		Creating or causing the creation of artificial shortages, or selling at specific places and times only.	Fine of NPR 50,000/- to NPR 1,00,000/-. Double for repeated offence.	Section 39 (1) (c) of the Act
		Not displaying or causing to be not displayed price list with a break-down of the price.	Fine of NPR 50,000/- to NPR 1,00,000/-. Double for repeated offence.	Section 39 (1) (d) of the Act
		Not displaying or causing to be not displayed the business or industry	Fine of NPR 50,000/- to NPR 1,00,000/-. Double for repeated offence.	Section 39 (1) (d) of the Act

		registration certificate, as applicable.	Double for repeated offence.	
		Not rendering or causing not to be rendered assistance in the course of investigation.	Fine of up to NPR 20,000/-. Double for repeated offence.	Section 39 (1) (e) of the Act

VII. ROLE OF DIRECTOR GENERAL

Adjudicatory Authority	Nature of Jurisdiction	Offenses	Punishment	Relevant Section
Director General	Original	Failure to or causing the failure to label goods in terms of the law.	Imprisonment of 3 to 6 months, or fine of up to NPR 50,000/-, or both.	Section 40 (1) (a) of the Act
		Failure or causing the failure of the Seller to withdraw the goods within the deadline prescribed or failure to exchange goods in terms of Section 14.	Imprisonment of 3 to 6 months, or fine of up to NPR 50,000/-, or both.	Section 40 (1) (a) of the Act
		Knowingly producing, selling, or importing or causing the production, sale or import of sub-standard goods. Selling or causing the sale of goods or services by way of deception in relation to the quality of the goods or services. Producing or selling or causing the production or sale of goods or services	Imprisonment of 3 months to 1 year, or fine of NPR 1,00,000/- to NPR 3,00,000/-, or both.	Section 40 (1) (b) of the Act

		<p>hazardous to the health of the public.</p> <p>Undertaking or causing certain cartelizing practices.</p> <p>Making the purchase of or causing the purchase of certain goods to be mandatory along with the purchased good.</p>		
		Selling or causing the sale of essential goods at prices higher than what is set by the Government.	Imprisonment of 3 to 6 months, or fine of NPR 50,000/- to NPR 1,00,000/-, or both.	Section 40 (1) (c) of the Act
		Selling or causing the sale of goods or services above the standard prices set by the Government, if at all.	Imprisonment of 3 to 6 months, or fine of up to NPR 50,000/- to NPR 1,00,000/-, or both.	Section 40 (1) (c) of the Act
	Review	To review, upon application, the fine related orders of the Inspection Officer.	-	Section 39 (5) of the Act

VIII. ROLE OF THE CONCERNED DISTRICT CONSUMER COURT OR DISTRICT COURT

Adjudicatory Authority	Nature of Jurisdiction	Offenses	Punishment	Relevant Section
Concerned District Consumer Court or District Court, as the case may be.	Appellate	Against orders of the DG in relation to offences under his/her original jurisdiction.	-	Section 40(2) of the Act.
	Original	Failure to meet or causing the failure to meet statutory duties of producers, importer, carriers, hoarders, sellers, or service providers.	Imprisonment of 2 to 3 years, or fine of up to NPR 3,00,000/- to NPR 5,00,000/-, or both.	Section 40 (3) (a) of the Act
		Committing or causing the commission of certain severe unfair trade practices.	Imprisonment of 2 to 5 years, or fine of NPR 4,00,000/- to NPR 6,00,000/-, or both.	Section 40 (3) (b) of the Act
		Inflicting or causing to be inflicted adverse impact on demand, supply or prices.	Imprisonment of 2 to 3 years, or fine of NPR 3,00,000/- to NPR 5,00,000/-, or both.	Section 40 (3) (c) of the Act
		All other offenses not within the original jurisdiction of the	Imprisonment of up to 2 years, or fine of up to NPR	Section 40 (4) of the Act

		other adjudicatory authorities.	3,00,000/-, or both.	
		Claims for compensation in the event of bodily, mental, financial, physical, or other kind of harm or injury is caused to the consumer by use of any goods or services sold, produced, or distributed contrary to the Act.	-	Section 50 of the Act

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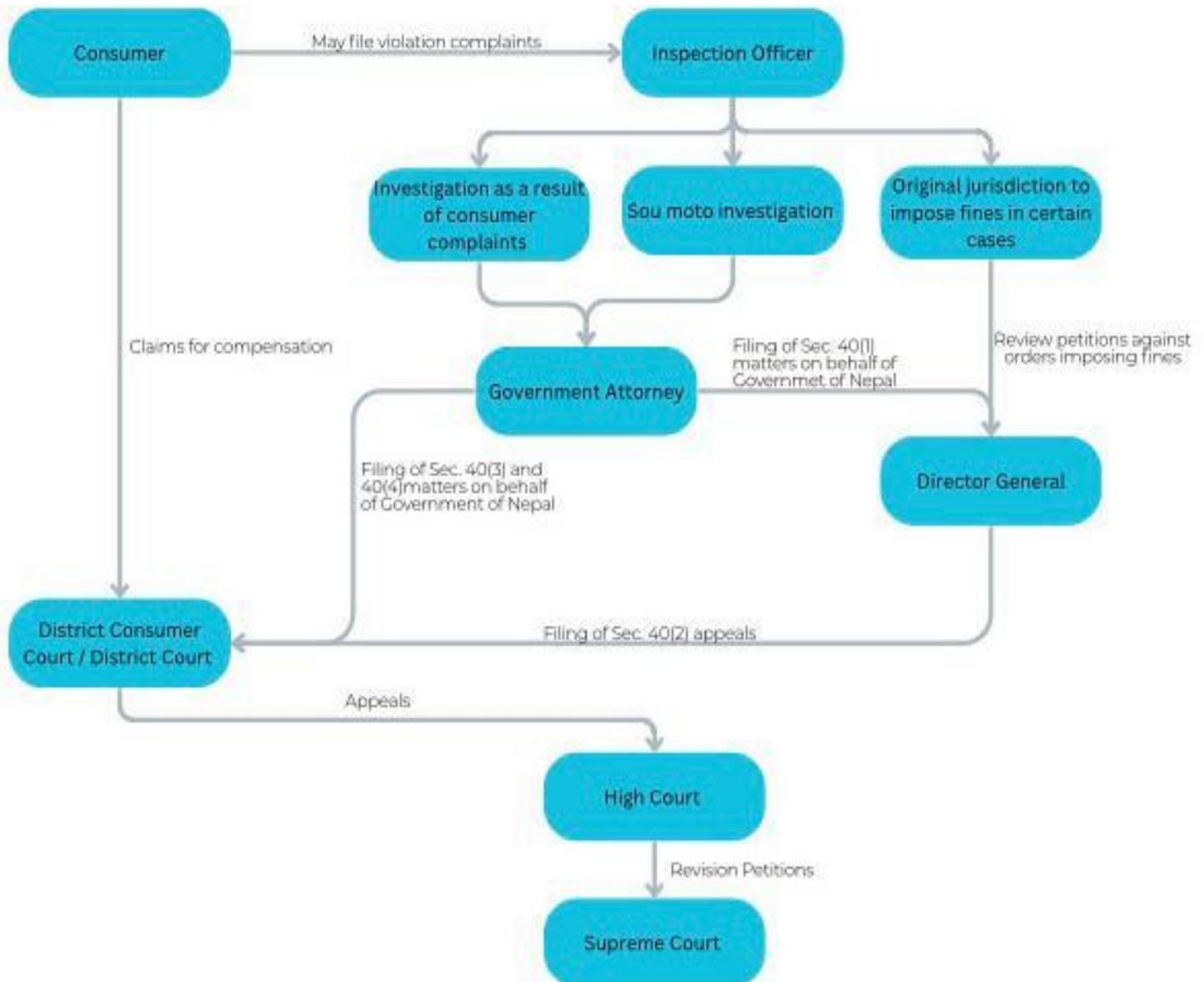
IX. ROLE OF THE CONCERNED HIGH COURT

Adjudicatory Authority	Nature of Jurisdiction	Offenses	Punishment	Relevant Section
Concerned High Court	Appellate	Appeals against the decisions of the concerned District Consumer Court or District Court, as the case may be.	-	Section 45 of the Act

X. ROLE OF SUPREME COURT

Adjudicatory Authority	Nature of Jurisdiction	Offenses	Punishment	Relevant Section
Supreme Court	Revision	Revision against the decision of the concerned High Court.	-	Section 12 of the Administration of Justice Act, 2073 (2016)

XI. PROCESS MAP



XII. RELEVANT PERSONNEL



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Nida specializes in Legal Risk Management and Alternative Dispute Resolution. Prior to shifting to Kathmandu, alongwith other courts, she also practiced at the National Consumer Disputes Redressal Commission of India, representing several real estate developers.



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Ashankan practices corporate litigation across courts in Nepal and has over 100 reported judgments to his name. He is also a member of the Dispute Resolution Centre, Nepal.



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