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The Evolution of Consumer Protection Laws in India

~ Ira Dave

ABSTRACT

From no consumer-centric legislation during the colonial era, to a time where multiple protections exist for them, is a truly interesting evolution process to witness. Through this research paper, we shall trace the archival development of consumer protection laws in India & how the consumers benefit from them. We shall be taking a look at both 1986 as well as the recent, 2019 Act.

1. Introduction

1.1 Who is a consumer?

Section 2 (7) of the Consumer Protection Act, 2019 states that, "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

(ii) hires or avails of any service 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 service 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 service for any commercial purpose.”¹

1.2 Importance of consumer protection

In a mixed economy like ours, where both public and private sectors, in a way, work against each other, consumers find themselves in the middle of the rumpus, as both parties are supposedly “pro” consumers however they are the ones whose resources, time & energy get compromised the most. Hence, It becomes extremely essential for the State to protect them from unfair practices in addition to enhancing consumer welfare & promotion of fair practices.

Moreover, we find ourselves leading our lives in an era where everything is changing and growing rapidly, from food to technology, all is refined and reformed, for better or worse, giving us another reason to have at our disposal, Legislations, sanctions, redressal bodies, etc.

1.3 Historical context: From colonial-era contract laws to modern consumerism

If you find yourself questioning, “Why all the fuss for consumer protection now?” then this author feels sorry to break it to you, Consumer protection has always been a topic for discussion and consideration.

The foundations of consumer protection in India can be traced back to the **Vedic era**, rooted in ethical economic norms outlined in Dharmashastra literature. As noted:

*“Consumer protection has been an integral part of governance for ages in India. It was enshrined in the Vedas. The sacred text in the Atharvaveda said that nobody should be involved in malpractices or quality and measurement.”*²

¹ Consumer Protection Act, No. 35 of 2019, § 2(7), *Gazette of India*, Aug. 9, 2019

² A. Rajendra Prasad, *Historical Evolution of Consumer Protection and Law in India*, at 1 (2008) (discussing Vedic and Dharmashastra origins).

Ancient texts such as **Manu Smriti**, **Narada Smriti**, and **Kautilya's Arthashastra** laid down comprehensive rules governing the conduct of sellers, weights and measures, penalties for fraud, and procedural fairness—essentially embedding consumer rights within early legal systems.²

- **Medieval and Pre-Colonial Period**

During the Sultanate era and beyond, **market regulation continued**, including strict punishment for merchants using unfair weights or adulterated goods—for instance, under **Alauddin Khalji**, shopkeepers received penalties for short weighing, indicating continuity in consumer safeguarding traditions.³

- **Colonial Era to Independence**

Under British rule, India adopted a unified **common-law legal system**, with formal statutes like the **Indian Contract Act, 1872**, **Sale of Goods Act, 1930**, and **IPC, 1860**. These laws addressed contractual fairness and tortious wrongs but **did not explicitly protect consumers**; remedies were mainly civil and adversarial, favoring contractual freedom over consumer welfare.²

- **Post-Independence Legal Framework**

Despite independent India enacting several laws (e.g., the **Drugs Control Act, 1950**; **Prevention of Food Adulteration Act, 1954**; **MRTP Act, 1969**), systemic consumer grievances persisted due to fragmentation and limited executive enforcement. This led to **organized consumer activism in the 1960s and 1970s**, culminating in demand for comprehensive consumer rights legislation.⁴

- **The Consumer Protection Act, 1986**

In direct response to the inadequacy of prior legal frameworks, the **Consumer Protection Act, 1986** was enacted to provide "**cheap, simple, and quick justice**" to consumers through a dedicated three-tier redressal system—that is, District, State, and National Consumer Forums.³ The Act transformed consumer law in India by formally recognizing unfair trade practices, quality issues, and defective services as grounds for complaint, significantly empowering consumers and curbing malpractices.

³ Id. at 1–3 (covering Manusmriti, Arthashastra, medieval, colonial and post-independence period).

⁴ Id. at 4–5 (summarizing emergence and significance of Consumer Protection Act, 1986).

2. Early Legal Frameworks

Before the enactment of a comprehensive consumer law in 1986, consumer disputes in India were primarily resolved through general civil law mechanisms, particularly **contract law**, **commercial law**, and **remedial statutes**. These laws provided limited but foundational protections for consumers in their dealings with sellers and service providers.

2.1. Indian Contract Act, 1872

The **Indian Contract Act, 1872** laid the cornerstone of commercial relations in India. It defined the formation, performance, and enforceability of contracts, emphasizing free consent, consideration, and lawful object. Although not consumer-specific, the Act offered protection through:

- Provisions on **voidable contracts** if consent is obtained by coercion, fraud, or misrepresentation (Sections 13–19)
- The right to compensation for breach of contract (Section 73)

However, enforcement was **time-consuming**, **expensive**, and typically inaccessible to economically weaker consumers. The buyer had to initiate civil proceedings, shifting the burden entirely onto them.

“The Contract Act provided a framework for enforcement of consumer rights through private remedies, but lacked a consumer-oriented approach.”⁵

2.2. Sale of Goods Act, 1930

This Act, derived from English law, regulated the sale and purchase of goods. It protected buyers by implying certain conditions and warranties into every sale contract, including:

- Condition as to description (Section 15)

⁵ Avinash Sharma, *Legal Foundations of Consumer Protection in India: A Historical Study*, 14 Nat'l L. Univ. L. Rev. 45, 48 (2018).

- Condition as to quality or fitness for a particular purpose (Section 16)
- Warranty of quiet possession and freedom from encumbrance (Sections 14 and 15)

While these implied conditions were a step forward, the Act again lacked **summary redressal mechanisms**. Consumers had to approach civil courts, and sellers often inserted **exclusion clauses** that limited liability.

“The Sale of Goods Act 1930 introduced essential safeguards, such as implied warranties, but did not provide practical remedies for average consumers.”⁶

2.3. Specific Relief Act, 1963

This Act primarily dealt with the enforcement of civil rights through specific performance or injunction. For consumers, its relevance lay in:

- Specific performance of contracts (Section 10)
- Injunctions against unfair practices or defective products (Chapter VII)

However, it did **not address compensation**, nor was it designed with consumer interests in mind. It was more relevant in commercial or real estate disputes than in everyday consumer grievances.

2.4 Limitations of Early Legal Frameworks

Although these laws provided a legal backbone for contract and commercial transactions, they shared significant limitations in terms of Procedural complexity, High costs of litigation, Absence of dedicated consumer forums, Lack of public awareness or institutional support. These shortcomings led to the recognition that consumer protection could not rely solely on general law, necessitating a dedicated statute: the Consumer Protection Act, 1986.

3. The Consumer Protection Act, 1986

3.1. Background and need

⁶ Id. at 50–52.

Enacted in the year 1986, this was the first Act dedicated to consumer protection.

Key Objectives include: Ensure consumer awareness regarding rights and responsibilities, Provide timely redressal of consumer grievances, Protect against unfair trade practices such as false advertising, Promote consumer confidence in goods and services.

3.2. Salient features

(a) Unless the Central Government expressly exempts it, it covers all goods, services, and unfair trading practices.

(b) It encompasses all industries, including public, private, and cooperative ones.

(c) It calls for the creation of three-tiered quasi-judicial mechanisms to handle consumer complaints and disputes, as well as consumer protection councils at the federal, state, and local levels to advance and defend consumer rights.

(d) It gives the six consumer rights official legal legitimacy. The primary goal of the Consumer Protection Act of 1986 is to give consumers stronger, more comprehensive protection as well as efficient defences against various forms of exploitation, including unfair commercial practices, subpar products, and defective services.

(e) It provides for establishment of consumer protection councils at all the three levels to promote and protect the rights of consumers and a three tier quasi-judicial machinery to deal with consumer issues and disputes.⁷

3.3 Role in creating consumer awareness and judicial activism

The **Consumer Protection Act, 1986** (CPA 1986) was a landmark social welfare legislation that marked the beginning of a structured and consumer-centric legal framework in India. It played a transformative role in shifting the focus from caveat emptor to consumer empowerment.

- **Institutionalization of Consumer Justice**

⁷ Consumer Protection Act, 1986, Salient Features, *Dr. Ambedkar Inst. Mgmt. Stud. & Research, Unit 3* at 1 (PDF).

The Act established a **three-tier quasi-judicial redressal mechanism** consisting of the District Forum, State Commission, and National Commission, offering consumers a low-cost, accessible, and expeditious alternative to traditional litigation.⁸ This model became a blueprint for similar redressal systems in other sectors.

- **Recognition and Enforcement of Consumer Rights**

The CPA 1986 was one of the first Indian legislations to explicitly recognize consumer rights, including the right to safety, information, choice, hearing, redressal, and consumer education.⁹ This significantly improved awareness and protection among consumers.

- **Expansion of Judicial Interpretation**

Indian courts played a crucial role in expanding the scope of the Act. In *Lucknow Development Authority v. M.K. Gupta*, the Supreme Court held that even statutory authorities and public service providers could be liable for deficiency in services.¹⁰ Similarly, in *Indian Medical Association v. V.P. Shantha*, the Court brought medical services within the ambit of the Act, significantly enlarging its scope.¹¹

- **Rise in Consumer Awareness and Activism**

The Act laid the foundation for the modern consumer movement in India. Public campaigns such as "**Jago Grahak Jago**" were later launched to educate consumers about their rights and redressal mechanisms,¹² and many civil society organizations emerged to promote consumer protection.

- **Influence on Policy and Corporate Behaviour**

The existence of legal liability under the CPA encouraged businesses to ensure better quality of goods and services. The threat of legal complaints and compensation orders fostered greater corporate accountability.

⁸ Consumer Protection Act, No. 68 of 1986, § 9, India Code (1986).

⁹ Id. pmb.; Ministry of Consumer Affairs, Food & Pub. Distribution, Govt. of India, *Consumer Rights under the Act*, available at <https://consumeraffairs.nic.in>.

¹⁰ Lucknow Dev. Auth. v. M.K. Gupta, (1994) 1 S.C.C. 243 (India).

¹¹ Indian Med. Ass'n v. V.P. Shantha, (1995) 6 S.C.C. 651 (India).

¹² Ministry of Consumer Affairs, Food & Pub. Distribution, Govt. of India, *Jago Grahak Jago Campaign*, available at <https://consumeraffairs.nic.in>.

- **Limitations and the Push for Reform**

Despite its achievements, the Act faced significant challenges such as delayed justice, lack of enforcement powers, and inability to handle new-age consumer issues like online frauds and e-commerce grievances. These limitations eventually led to the enactment of the **Consumer Protection Act, 2019**.

4. Judicial Contributions and Landmark Cases

Ever since the 1986 Act came into force, numerous amounts of cases were filed by consumers against manufacturers, service providers, government authorities, and private entities for defective goods, deficiency in services, unfair trade practices, and misleading advertisements. Out of these, some came to be regarded as pivotal to Consumer Protection Law in India, widely cited by lawyers, relied on by Judges, inspiring Legislators to make better laws for consumers.

- *Indian Medical Association v. V.P. Shantha* (1995)

The Indian Medical Association argued that medical professionals should handle medical negligence in accordance with their Code of Ethics and filed a writ petition to exempt the medical profession from the Consumer Protection Act. The Supreme Court ruled that, in accordance with the Consumer Protection Act, doctors may be deemed to be providing "service." However, unless the poor receive free care in government hospitals or the cost of treatment is covered by insurance, the Act would not apply to services provided by physicians and hospitals at no cost.

- *Delhi Development Authority Vs. D.C. Sharma*

In 1997, D.C. Sharma purchased a DDA land for Rs. 5 lakhs. He later learnt that the plot had been given to someone else in 1995. When Sharma went before the District Forum, his case was rejected. He won the case in the State Consumer Forum. The National Commission determined that the former should be compensated for the latter's carelessness. The DDA was ordered to either supply a different plot or pay the increased price of Rs. 30 lakhs.

5. The Consumer Protection Act, 2019

5.1 Need for new legislation: digital age, e-commerce, misleading ads

The **Consumer Protection Act, 1986** was a much needed statute that, for the very first time, introduced a dedicated framework for consumer rights and dispute redressal in India. However, by the early 21st century, several **structural, procedural, and technological limitations** of the 1986 Act became increasingly apparent, necessitating a comprehensive overhaul through the *Consumer Protection Act, 2019*¹³.

- **Outdated scope & definitions**

The 1986 Act was enacted in a pre-digital, pre-globalized economy. It did not account for the rapid **growth of e-commerce, direct selling, multi-level marketing, and digital advertising**. There was **no clear legal framework to handle online consumer disputes** or deceptive digital practices.* The new Act includes e-commerce transactions, teleshopping, and online platforms within its scope.*

The definition of a consumer was also widened.

- **Procedural Inefficiencies**

The 1986 Act's redressal mechanisms often suffered from **delays, inadequate infrastructure, and limited enforcement powers** of consumer forums.¹⁴ There were frequent backlogs and no provision for mediation or alternate dispute resolution. The 2019 Act addressed this by introducing **e-filing of complaints**, Allowing **video conferencing for hearings** & Establishing **mediation cells** for quicker dispute settlement.

- **Lack of Deterrence Against Misleading Advertisements and Celebrity Endorsements**

¹³ Consumer Protection Act, No. 35 of 2019, Statement of Objects and Reasons, Gazette of India, pt. II, sec. 2 (Aug. 9, 2019).

¹⁴ Id. § 2(7); see also Ministry of Consumer Affairs, Govt. of India, *Consumer Protection in the Digital Age*, available at <https://consumeraffairs.nic.in>.

Under the 1986 Act, there were **no specific provisions to hold advertisers, endorsers, or social media influencers liable** for misleading promotions. The 2019 Act introduced strict **penalties** for misleading advertisements and made **celebrity endorsers liable**, provided they failed to exercise due diligence.

- **Absence of a Regulatory Authority**

The 1986 law lacked a **central regulatory body** to enforce consumer rights proactively. The 2019 Act filled this gap by establishing the **Central Consumer Protection Authority (CCPA)**, empowered to conduct investigations, order recalls, impose penalties & take suo moto action in the interest of the public.

- **Increasing Consumer Grievances and Complexity of Transactions**

The growth of **digital payments, cross-border trade, and platform-based commerce** resulted in more complex consumer-seller relationships. Consumers needed **modern legal safeguards** that reflected current market realities, including **product liability, unfair contract terms, and online fraud**.

5.2 Comparison with the 1986 Act

To understand why the latest Act was brought into place, we must draw parallels between both.

Basis	Consumer Protection Act, 1986	Consumer Protection Act, 2019
Jurisdiction	District Forum: up to ₹20 lakhs; State Commission: ₹20 lakhs to ₹1 crore;	District Commission: up to ₹1 crore; State Commission: ₹1 crore to ₹10 crore;

	National Commission: above ₹1 crore; crore.	National Commission: above ₹10 crore.
Regulator	No central regulatory authority existed.	Established the Central Consumer Protection Authority (CCPA) to promote, protect, and enforce consumer rights.
MRP/Purchase Price	Jurisdiction was determined based on the value of goods or services and compensation claimed , not strictly MRP.	Jurisdiction is determined by the consideration paid (actual purchase price/discounted price), not MRP.
E-Commerce	No mention of e-commerce platforms or online transactions.	Explicitly includes e-commerce, teleshopping, and online transactions within its ambit.
Mediation	No provision for mediation.	Introduced mediation cells at consumer commissions for voluntary settlement of disputes.
Unfair Terms and Conditions	No express provision to deal with unfair contract terms.	State and National Commissions can declare contract terms as null and void if deemed unfair or prejudicial to consumers .

Redressal Authorities	District Forum, State Commission, and National Commission.	State District Commission, and National Consumer Disputes Redressal Commission (new name for clarity, same as earlier).
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Composition of State Commission	One President and at least two members (minimum requirement).	One President and at least four members (increased to strengthen the forum).
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6. Impact and Challenges

The **Consumer Protection Act, 2019** has had a **far-reaching impact** on India's consumer rights regime, introducing **structural, procedural, and regulatory reforms** to strengthen consumer justice in the modern marketplace.

6.1. Strengthening Consumer Rights and Redressal

The 2019 Act reinforced consumer protection by expanding the definition of “consumer” to include e-commerce users, and by recognizing new unfair practices such as misleading advertisements and unfair contract terms. The **establishment of mediation cells, e-filing of complaints, and video conferencing** for hearings have made justice more accessible and time-efficient.

6.2. Creation of a Central Regulatory Body

A major reform was the creation of the **Central Consumer Protection Authority (CCPA)**, which has powers to:

- Conduct investigations,
- Impose penalties for misleading advertisements,
- Order product recalls and refunds, and
- Protect consumer interests proactively.

This shifted the enforcement model from purely adjudicative to **preventive and regulatory**, filling a long-standing gap under the 1986 Act.

6.3. Inclusion of Healthcare Services

Although medical services were already covered under the 1986 Act (as affirmed in *Indian Medical Association v. V.P. Shantha*¹⁵), the 2019 Act's **broad definition of "service"** sparked renewed legal and professional debate. Courts have since confirmed that **healthcare continues to fall under the Act**, prompting concerns among medical professionals about rising litigation and defensive medical practices.

6.4. Impact on E-Commerce and Digital Markets

For the first time, **e-commerce platforms** and online sellers are explicitly included under the law. This has led to greater accountability for online transactions, mandatory disclosure obligations for sellers, protection against fake reviews and misleading digital advertisements. This reflects the government's effort to keep pace with India's evolving digital landscape.

6.5. Mediation and Speedier Resolution

By introducing mediation as an official mode of dispute resolution, the Act promotes quicker settlements and reduces the burden on consumer commissions. It also encourages **amicable dispute resolution**, which was absent under the 1986 framework.

¹⁵ Indian Med. Ass'n v. V.P. Shantha, (1995) 6 S.C.C. 651 (India).

6.6. Increased Litigation and Awareness

Post-2019, there has been a **noticeable rise in consumer filings**, especially against hospitals, online sellers, and service providers. This reflects **greater consumer awareness**, legal empowerment, and a willingness to challenge malpractice or exploitation.

6.7. Challenges

While the Act empowers the **Central Consumer Protection Authority (CCPA)** and consumer commissions with wide-ranging powers, its **actual enforcement on the ground remains limited** due to several reasons:

- **Resource Constraints:** Many District and State Commissions continue to suffer from **inadequate infrastructure, lack of trained personnel, and insufficient digital capabilities**, especially in rural and semi-urban areas.
- **Delay in Appointments:** Vacancies in key positions such as President and members of consumer commissions lead to **backlogs and delay in adjudication**.
- **Limited Awareness of CCPA's Powers:** Though the CCPA is a powerful regulator, **its visibility and reach among the general public remain low**, reducing its potential deterrent effect.

6.8 Role of Consumer Organizations

Consumer organizations and NGOs play a vital role in bridging the gap between consumers and enforcement agencies by:

- **Spreading awareness** of consumer rights, procedures, and redressal mechanisms
- **Assisting consumers** with filing complaints, collecting evidence, and navigating the process

- **Advocating for policy reforms**, transparency, and corporate accountability
- **Filing public interest litigations (PILs)** on systemic issues like misleading advertisements, food adulteration, and telecom malpractices

However, their **effectiveness varies widely** due to:

- Limited funding and staffing
- Lack of coordination between organizations and regulatory bodies
- Inconsistent recognition and support from state authorities

Notable mention: The Consumer Guidance Society of India (CGSI) and Consumer VOICE have historically played a strong role in policy advocacy and education.

6.9 Challenges in Digital and Cross-Border Consumer Transactions

With the rise of **e-commerce, international sellers, and digital payment platforms**, consumer protection faces new, **transnational challenges**:

- **Jurisdictional Ambiguity:** Consumers often purchase from sellers not based in India. **Enforcing rights across borders is difficult**, especially when the seller is untraceable or not governed by Indian law.
- **Data Privacy and Dark Patterns:** Many digital platforms engage in **non-transparent practices**, like misleading UI (dark patterns), auto-renewals, or algorithmic manipulation of product reviews, which are difficult to regulate under traditional frameworks.
- **Grievance Redressal Gaps:** While Indian platforms must comply with consumer protection rules, **foreign entities may not fall under Indian regulatory reach**, making

consumer redressal nearly impossible in some cases.

- **Language and Information Barriers:** Terms and conditions, privacy policies, and complaint mechanisms are often in **legal jargon** or foreign languages, reducing informed consent and awareness.

Illustration: Cross-border e-commerce complaints (e.g., defective goods from Chinese platforms) surged during the pandemic, highlighting **regulatory and enforcement gaps**.

7. Conclusion and Suggestions

India's consumer protection laws have changed significantly over the years, moving from being based on antiquated moral principles to being incorporated into a formal legal framework. There were no laws specifically for consumers in the beginning, thus individuals mostly depended on contract and commercial rules, which didn't actually benefit regular customers in any meaningful ways. A significant turning point was the passage of the Consumer Protection Act in 1986, which made justice more affordable and accessible while also establishing specialised panels to handle consumer complaints.

However, the 1986 Act began to feel out of date as markets evolved, particularly with the growth of e-commerce, online services, and cross-border transactions. The Consumer Protection Act of 2019 was introduced for this reason. The Central Consumer Protection Authority, e-commerce platform regulations, product responsibility, and in certain situations, mediation were among the additional elements it introduced.

There are still issues despite all of these advancements. Digital disputes are getting harder to handle, people don't always know their rights, and cases can take a long time to be resolved. In the future, it will be crucial to ensure that these rules are implemented effectively by increased enforcement, more public awareness, and assistance from consumer advocacy groups.

In short, while consumer laws in India have definitely progressed, there's still a gap between what the law says and how it works in real life—and that's what needs to be fixed next.

