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CONSUMER LAWS IN INDIA- EVOLUTION, RIGHTS AND PROTECTION

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As countries evolve into advanced economies, the importance of consumer takes a centre stage in the legal framework of every nation. Often regarded as the ‘King’ in market philosophy, consumer is the heart of every economy. As Gandhi ji said, “A consumer is the most important visitor on our premise. He is not dependent on us. We are dependent on him¹.” With the advancement in technology and knowledge, consumer has become prey to malpractices of the profit-motivated producers and sellers. Lack of awareness, unequal bargaining power, and information asymmetry has made consumer vulnerable to the unfair trade practices.

EVOLUTION OF CONSUMER LAWS

Consumer laws find its mention in early historical texts of the Vedic Age in India. Manusmriti, an early code of conduct for the society, emphasized consumer protection by advocating against faulty weights and measures and unfair trade practices². Practices like adulteration was penalized, and price control was enforced across the society. The King was entrusted with the duty to standardise weights and measures, and to fix prices in order to ensure fairness. Similarly, Kautilya’s ‘Arthshastra’, a pragmatic treatise on governance and economy, had explicit description of consumer protection³. It envisaged a strong regulatory role for the State in fixing rates of all marketable commodities and regulating trade to prevent exploitation.

¹ Ministry of Consumer Affairs, Food & Pub. Distribution, Gov’t of India, Consumer Handbook: Consumer Protection 8 (n.d.).

² Ministry of Consumer Affairs, Food & Pub. Distribution, Gov’t of India, Consumer Handbook: Consumer Protection 6 (n.d.).

³ Ministry of Consumer Affairs, Food & Pub. Distribution, Gov’t of India, Consumer Handbook: Consumer Protection 7 (n.d.).

During the colonial period, Indian Contract Act 1872 and Sales of Goods Act 1930 were enacted, which continued to govern trade of goods and services several decades after independence. Despite these laws, the consumers remained exposed to practices like adulteration, short weights, hidden charges, price gouging and hoarding. There existed a significant lack of consumer awareness, mobilization and effective grievance mechanisms. The consumers were compelled to file civil suits against powerful producers and sellers who often relied on the doctrine of 'caveat emptor' to absolve their liability. The Consumer envisioned to be the King, became the primary victim of malpractices.

The consumer movement gained popularity in the 1980s with 'Asian Seminar in Consumer Protection', attended by 300 delegates from across Asia in 1982. India, as a signatory to the United Nations 'Guidelines for Consumer Protection' 1985, introduced the first consumer protection legislation in 1986⁴. Described as the "Magna Carta of Consumers", the Consumer Protection Act, 1986 came as a relief to the aggrieved consumers. As a consumer-centric legislation, it aimed to introduce efficient grievance settlement mechanism and reduce technicalities through the establishment of consumer councils and quasi-judicial bodies.

The Act excluded transactions involving resale or commercial purposes from the definition of "consumer," without clearly defining the scope of such exclusions, creating discrepancy in the scope of exemption. In the case of *Western India State Motors v. Sobhag Mal Meena*, the National Commission dismissed the complaint stating that the act of buying the vehicle to run as a taxi was excluded from the scope of Consumer Protection Act 1986 as commercial purpose⁵. National commission in *Synco Textiles Pvt Ltd. v. Greaves Cotton & Company Ltd.* Case, made the distinction of commercial purpose on the basis of scale of the petitioner's industry⁶. These cases showcased ambiguity surrounding the exemptions and gave way to 1993 amendment which introduced section 2(d) as an explanation of exclusions from the commercial purpose mentioned in the definition⁷. In the case of *Laxmi Engineering Works v. PSG Industrial Institute*, the Supreme Court further clarified commercial purpose as question of fact, to be determined based on the facts of each case⁸. The explanation was made inclusive for "services" in 2003.

⁴ Ministry of Consumer Affairs, Food & Pub. Distribution, Gov't of India, Consumer Handbook: Consumer Protection 5-6 (n.d.).

⁵ *W. India State Motors v. Sobhag Mal Meena*, (1989) MANU/CF/0016/1989.

⁶ *Synco Textiles Pvt. Ltd. v. Greaves Cotton & Co. Ltd.*, (1991) 1 C.P.R. 499 (N.C.).

⁷ Consumer Protection Act, No. 68 of 1986, § 2(d), INDIA CODE.

⁸ *Laxmi Eng'g Works v. P.S.G. Indus. Inst.*, (1995) 3 S.C.C. 583 (India).

CONSUMER PROTECTION ACT 2019

With the advent of rapid digitalisation of markets, the Consumer Protection Act, 1986 became redundant towards contemporary consumer challenges. The rise of e-commerce, digital services, and online transactions exposed significant lapses in the existing legislation. It was replaced by Consumer Protection Act, 2019 to fill this lacuna and bring in new reforms consistent with the experience of the previous legislation.

One of the significant advancements under the 2019 Act is the recognition of the scope of e-commerce⁹. Further, the introduction of the e-Daakhil portal has empowered consumers to file complaints electronically, enhancing accessibility and transparency in the redressal process.

The Act also establishes the Central Consumer Protection Authority (CCPA) under Sections 10 to 27 as a regulatory body entrusted with the mandate to protect, promote, and enforce consumer rights¹⁰. The CCPA is empowered to take suo motu action against unfair trade practices, misleading advertisements, and violations affecting consumer interests, marking a shift from a purely remedial to a regulatory approach.

Additionally, it is the first legislation to explicitly define ‘unfair contract’, under Section 2(46) to protect consumers against arbitrary, one-sided standard form of agreements¹¹.

A landmark reform introduced by the Act is the statutory recognition of product liability under Sections 82 to 87¹². For the first time, manufacturers, sellers, and service providers are held accountable for harm caused by defective products or deficient services. The wide definition of “services” under the Act significantly expands the scope of product liability, ensuring greater consumer protection. The Act maintains a balanced approach by incorporating principles of strict and absolute liability alongside specific exemptions from product liability actions.

Additionally, the Act promotes alternative dispute resolution through the establishment of Consumer Mediation Cells under Sections 74 to 81 encouraging amicable settlement of

⁹ Consumer Protection Act, No. 35 of 2019, § 94, INDIA CODE.

¹⁰ Consumer Protection Act, No. 35 of 2019, §§ 10–27, INDIA CODE.

¹¹ Consumer Protection Act, No. 35 of 2019, §§ 2(56), INDIA CODE

¹² Consumer Protection Act, No. 35 of 2019, §§ 82–87, INDIA CODE.

disputes and reduces the burden on consumer commissions¹³. The Mediation Act, 2023 further strengthened this framework by amending the Consumer Protection Act, 2019, allowing District, State, and National Consumer Commissions to refer disputes to mediation at any stage of the proceedings upon application by the parties.

CONSUMER RIGHTS

Each citizen is empowered with six consumer rights under Section 2(9) of 2019 legislation, to ensure accountability and safe market space¹⁴. These include the right to safety against hazardous goods and services, the right to be informed regarding quality, price and standards and the right to free choice against monopolistic practices. The act further guarantees right to be heard and seek redressal against unfair trade practices, defects and deficiencies. Right to consumer education empowers the citizens with market knowledge to enable them to make informed decisions. These rights are reinforced and protected by institutional mechanisms like consumer commissions and CCPA. In the era of e-commerce and digital services, they acquire central significance in order to empower citizen's decisions.

CONCLUSION

While India's consumer protection framework has significantly evolved to accommodate modern market realities, effective enforcement remains the true test of consumer justice. The success of the Consumer Protection Act, 2019 depends not only on statutory recognition of rights but on institutional capacity, regulatory vigilance, and consumer awareness so that the consumer evolves from a beneficiary to a right-holder. As the markets become increasingly digital and complex, the law must continuously adapt to emerging challenges such as dark patterns, algorithmic pricing and AI related crimes to effectively overturn 'caveat emptor' to 'caveat venditor', preserving the King character attributed to the consumers.

¹³ Consumer Protection Act, No. 35 of 2019, §§ 74–81, INDIA CODE.

¹⁴ Consumer Protection Act, No. 35 of 2019, § 2(9), INDIA CODE.