



## Comparative Study of Consumer Protection Act, 1986 and 2019: A Legal Analysis

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### ABSTRACT

The evolution of consumer protection legislation in India marks a significant renovation in the recognition and enforcement of customer rights. The Consumer Protection Act of 1986 was a pioneering statute that sought to protect the interests of consumers in an increasingly complex marketplace. It established a three-tier quasi-judicial redressal mechanism and recognized key consumer rights. However, over the years, the rapid expansion of digital markets, the rise of e-commerce, and the emergence of new forms of unfair trade practices rendered the 1986 Act inadequate. To address these challenges, the Indian Parliament enacted the Consumer Protection Act, 2019, introducing comprehensive reforms aligned with modern trade practices. The 2019 Act expanded the scope of consumer protection by incorporating necessities on product accountability, ambiguous advertisements, e-commerce regulations, and alternative dispute resolution through mediation. It also recognized the Central Consumer Protection Authority (CCPA) to promote, protect, and impose consumer rights at the national level. This research paper presents a comparative legal analysis of both Acts, highlighting structural changes, newly introduced concepts, and enhanced enforcement mechanisms. It explores how the 2019 Act not only strengthens consumer rights but also empowers consumers in the digital era. The paper argues that the shift from the 1986 framework to the 2019 model

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reflects a significant progression towards a more responsive and robust consumer protection regime. This study is particularly relevant in assessing the impact of legislative reform on consumer welfare and the efficiency of legal institutions in addressing contemporary market realities.

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## Introduction:

Consumer protection is a fundamental aspect of a fair and transparent market economy. In any democratic society, safeguarding the rights and interests of customers is essential to ensure that businesses operate ethically and that consumers are not exploited. India took a major step in this direction with the enactment of the **Consumer Protection Act, 1986**, which was considered to provide a simple and quick redressal mechanism for consumer grievances. It recognized key rights, including the right to be informed, the right to choose, the right to safety, and the right to be heard. The 1986 Act created a three-tier structure for resolving disputes at the district, state, and national levels, enabling easier access to justice for consumers. However, with the advancement of technology, the emergence of digital markets, and the increasing complexity of goods and services, the older law began to show limitations. The rise of **e-commerce**, misleading online advertisements, and lack of regulation in product liability posed new challenges. To address these evolving issues, the Government of India introduced the **Consumer Protection Act, 2019**, which came into force on July 20, 2020.

The new Act retains the basic framework of the earlier law but introduces several modern features such as the establishment of the **Central Consumer Protection Authority (CCPA)**, provisions for **product liability**, and the inclusion of **mediation** as a dispute resolution tool. This research paper aims to present a comparative analysis of both Acts, highlighting their differences, advancements, and effectiveness in protecting consumer interests in today's dynamic market environment.

## 2. Objectives of the Acts

Consumer protection laws are enacted to ensure that the rights of consumers are upheld and that they receive fair treatment in the marketplace. The **Consumer Protection Act, 1986** and the **Consumer Protection Act, 2019** were both designed with the aim of empowering consumers, promoting ethical business practices, and establishing an effective redressal mechanism for grievances. Although both Acts share a common foundation, the objectives of each reflect the socio-economic context of their time.

*Objectives of the Consumer Protection Act, 1986:*

- To protect consumers against unfair trade practices and defective goods or deficient services.
- To provide simple, speedy, and inexpensive redressal of consumer complaints through a three-tier dispute resolution system.
- To promote and protect the rights of consumers, including the right to safety, information, choice, representation, and redressal.
- To develop consumer awareness and create legal avenues for consumer justice.

The 1986 Act was primarily a response to the growing instances of consumer exploitation and the lack of accessible remedies.

*Objectives of the Consumer Protection Act, 2019:*

- To modernize the legal context in line with the digital age and emerging market challenges.
- To regulate e-commerce platforms and address issues arising from online transactions.
- To introduce **product accountability**, holding manufacturers and sellers accountable for harm caused by imperfect products or deficient services.
- To establish the **Central Consumer Protection Authority (CCPA)** to impose consumer rights and take Suo-moto action in cases of widespread consumer harm.
- To promote **mediation** as an alternative and efficient means of dispute resolution.

The 2019 Act signifies a shift towards a **consumer-centric and technology-aware** legal structure, aimed at delivering stronger protection in a rapidly changing marketplace.

### 3. Structural Differences

The Consumer Protection Act of 1986 and the amended Act of 2019 differ significantly in their structural framework. These changes were introduced to address new-age consumer challenges, digital advancements, and the growing complexity of market transactions.

#### 1. Jurisdiction and Redressal System

- **1986 Act:** It introduced a three-tier redressal system—District Forum, State Commission, and National Commission—with relatively lower monetary jurisdiction limits.
- **2019 Act:** Retains the same structure but revises the pecuniary limits:
  - District Commission: up to ₹1 crore
  - State Commission: ₹1 crore to ₹10 crore
  - National Commission: above ₹10 crore

These revised limits ensure more appropriate handling of high-value disputes.



## 2. Introduction of Regulatory Authority

- **1986 Act:** No separate regulatory body existed to monitor or act on consumer issues.
- **2019 Act:** Establishes the **Central Consumer Protection Authority (CCPA)**, a dedicated body to investigate unfair trade practices, false advertising, and violations of consumer rights.

## 3. Mediation Provision

- **1986 Act:** Relied solely on formal judicial processes.
- **2019 Act:** Introduces **mediation cells** at each level of consumer commissions to encourage quick, amicable, and cost-effective settlement of disputes.

## 4. E-commerce and Digital Inclusion

- **1986 Act:** Did not account for online transactions or digital platforms.
- **2019 Act:** Covers **e-commerce platforms, online buyers**, and digital service providers. It allows for electronic filing of complaints and virtual hearings.

## 5. Product Liability

- **1986 Act:** Lacked detailed provisions on manufacturer or seller liability.
- **2019 Act:** Introduces a comprehensive **product liability framework**, making manufacturers, service providers, and sellers accountable for harm caused by defective products or services.

## 4. Introduction of Central Consumer Protection Authority (CCPA)

One of the most significant additions in the Consumer Protection Act, 2019 is the establishment of the **Central Consumer Protection Authority (CCPA)**. This authority has been introduced to fill the gap between consumer grievances and proactive regulatory enforcement. Unlike the 1986 Act, which primarily relied on consumer forums for dispute resolution, the 2019 Act empowers a central authority to take direct and independent action in matters affecting consumer rights.

The CCPA functions as a **regulatory and enforcement body** with the mandate to protect, promote, and enforce the rights of consumers. It has been granted the authority to initiate investigations, conduct inquiries, and impose penalties on entities involved in unfair trade practices, misleading advertisements, and violation of consumer rights. The authority can also issue directions to discontinue unfair practices and recall unsafe goods or services.

The CCPA consists of an investigation wing headed by a Director-General, which assists in carrying out inquiries and evidence collection. The authority can act **suo motu**, based on consumer complaints, or upon the direction of the Central Government.

This development reflects a **shift from a reactive to a proactive model of consumer protection**, where the government plays an active role in market regulation and consumer welfare. The inclusion of CCPA



in the 2019 Act has strengthened the overall legal framework by introducing accountability, transparency, and faster resolution in consumer affairs.

#### 5. Product Liability (Sections 82–94)

The concept of **product liability** was not clearly defined in the Consumer Protection Act of 1986. As a result, consumers had limited legal recourse when harmed by defective products. Recognizing this gap, the **Consumer Protection Act, 2019** introduced a well-structured and detailed framework for product liability under **Sections 82 to 94**.

**Product liability** refers to the legal responsibility of manufacturers, service providers, or sellers to compensate for harm caused by defective goods or deficient services. Under the 2019 Act, consumers now have the right to file complaints and seek compensation if they suffer injury, property damage, or other losses due to unsafe or faulty products.

Key features of the product liability provisions include:

- **Liability of Manufacturers:** If a product has a manufacturing defect, design defect, lacks necessary warnings, or deviates from the express warranty, the manufacturer can be held liable.
- **Liability of Product Sellers:** Sellers may also be held responsible if they exercise substantial control over the product, modify it, or fail to warn consumers about potential risks.
- **Liability of Service Providers:** Service providers can be made accountable if the services they offer are deficient, faulty, or lead to harm due to negligence.

The Act provides for exceptions as well, such as when a product is misused or altered by the consumer in a way not intended by the manufacturer.

By introducing product liability as a distinct legal provision, the 2019 Act strengthens consumer rights and promotes accountability among businesses, ensuring that safety and quality standards are upheld in the marketplace.

#### 6. E-commerce and Online Shopping

With the rapid growth of digital technology and internet penetration, e-commerce and online shopping have become integral parts of consumer markets. Recognizing this shift, the **Consumer Protection Act, 2019** introduces specific provisions to regulate and safeguard consumer interests in the digital marketplace, which were absent in the **1986 Act**.

The 2019 Act broadens the definition of 'consumer' to explicitly include persons who purchase goods or services through electronic means, such as websites, apps, or other digital platforms. This inclusion ensures that consumers engaging in online transactions enjoy the same protections as those buying through traditional channels.

**Key features relating to e-commerce and online shopping under the 2019 Act include:**

- **Liability of E-commerce Entities:** Online sellers, marketplaces, and platforms are held accountable for unfair trade practices, defective products, and misleading advertisements. They must ensure transparency and reliability in their dealings.
- **Right to File Complaints:** Consumers can file complaints electronically through designated consumer commissions, making grievance redressal more accessible and efficient.
- **Regulation of Unfair Practices:** The Act empowers authorities to take action against fraudulent online sellers, fake reviews, and deceptive offers to protect consumers from exploitation.
- **Digital Evidence and Virtual Hearings:** The Act facilitates the use of electronic evidence and allows virtual hearings, reducing barriers related to geography and making the process consumer-friendly.

By incorporating these provisions, the Consumer Protection Act, 2019, adapts to the realities of modern commerce, providing comprehensive protection to consumers in the rapidly expanding online marketplace.

#### 7. Mediation Mechanism

The Consumer Protection Act, 2019, introduces a formal **mediation mechanism** as an alternative dispute resolution method, which was absent in the 1986 Act. This addition aims to provide a quicker, cost-effective, and amicable solution to consumer disputes without the need for lengthy court minutes.

Mediation is an intended process where a neutral third party, called a mediator, facilitates communication between the consumer and the opposite party to help them reach a mutually acceptable settlement. This process promotes cooperation, reduces hostility, and preserves relationships between parties.

**Key features of the mediation mechanism under the 2019 Act include:**

- **Establishment of Mediation Cells:** Mediation centers are set up at the District, State, and National Consumer Commissions to handle disputes referred for mediation.
- **Voluntary and Confidential:** Participation in mediation is voluntary, and the discussions remain confidential, encouraging open dialogue.
- **Time-bound Process:** The Act stipulates a time limit of 30 days for the mediation process, ensuring timely resolution.
- **Binding Settlement:** If both parties agree to a settlement, it becomes binding and has the same legal effect as a decree of the consumer forum.

By introducing mediation, the 2019 Act reduces the burden on consumer courts, speeds up dispute resolution, and enhances consumer satisfaction.



## 8. Pecuniary Jurisdiction (Monetary Limits)

The pecuniary jurisdiction, or monetary limits, determine the financial value of consumer complaints that various consumer forums can adjudicate. One of the major structural changes in the Consumer Protection Act, 2019 is the revision and enhancement of these limits to make consumer justice more accessible and efficient.

### *Under the Consumer Protection Act, 1986:*

- **District Forum:** had jurisdiction over cases where the value of the goods or services, including compensation claimed, did not exceed ₹20 lakhs.
- **State Commission:** could entertain complaints where the value exceeded ₹20 lakhs but was less than ₹1 crore.
- **National Commission:** handled cases above ₹1 crore.

These monetary limits remained unchanged for many years, which often restricted consumers from approaching appropriate forums for higher-value claims.

### *Under the Consumer Protection Act, 2019:*

- **District Commission:** empowered to entertain complaints up to ₹1 crore.
- **State Commission:** jurisdiction extended for claims between ₹1 crore and ₹10 crores.
- **National Commission:** now handles complaints exceeding ₹10 crores.

This significant increase in pecuniary limits reflects the evolving market and inflationary trends, enabling consumers to seek redressal in appropriate forums without undue limitations. It also helps in decongesting higher commissions by distributing cases more effectively based on their value.

## 9. Penalties and Offences

The Consumer Protection Act, 2019 introduces stricter and more comprehensive provisions regarding penalties and offences compared to the 1986 Act. These provisions aim to deter unfair trade practices, misleading advertisements, and violations of consumer rights by imposing stringent consequences on offenders.

Under the 1986 Act, penalties were relatively limited, primarily focusing on basic fines or imprisonment for offences such as adulteration, false advertising, or selling defective goods. However, enforcement was often weak, leading to limited deterrence.

In contrast, the 2019 Act expands the scope of offences and prescribes heavier penalties, reflecting the need for stronger consumer protection in a modern, complex market environment. Some key aspects include:



- **Unfair Trade Practices:** Entities engaging in unfair trade practices, including false or misleading advertisements, can face fines up to ₹10 lakhs and imprisonment up to two years for the first offence. Repeat offenders may be fined up to ₹50 lakhs and face imprisonment up to five years.
- **Misleading Advertisements:** Advertisers or endorsers of false claims can be penalized with fines up to ₹10 lakhs or imprisonment, emphasizing accountability for truthful information.
- **Recall of Unsafe Products:** The Act empowers authorities to order the recall of hazardous goods, ensuring consumer safety.
- **Offences by Companies:** In cases involving companies, directors and officers responsible for offences can be held personally liable, ensuring corporate accountability.

These enhanced penalties and clearly defined offences strengthen the enforcement mechanism of consumer protection law, encouraging businesses to adhere to ethical practices and safeguard consumer interests effectively.

#### 10. Critical Evaluation

The Consumer Protection Act, 2019 marks a significant advancement over the 1986 Act by addressing the evolving needs of modern consumers and incorporating comprehensive measures to strengthen consumer rights. While the 1986 Act laid the foundation for consumer justice in India, it had several limitations, including outdated provisions, limited jurisdiction, and absence of mechanisms for emerging issues like e-commerce and product liability.

The 2019 Act addresses these gaps effectively through structural reforms such as the establishment of the Central Consumer Protection Authority (CCPA), enhanced pecuniary jurisdiction, and inclusion of mediation as an alternate dispute resolution method. These reforms have introduced a more proactive, accessible, and efficient consumer protection framework. The emphasis on regulating misleading advertisements and unfair trade practices through stricter penalties has also increased accountability among businesses.

However, despite these improvements, certain challenges remain. Implementation and awareness continue to be concerns, as many consumers, especially in rural areas, may not fully understand their rights under the new Act. The success of the Central Consumer Protection Authority will depend heavily on its operational efficiency and independence from political or commercial influences. Additionally, while mediation offers quicker resolutions, there is a risk that power imbalances between consumers and large corporations could affect fairness in settlements.



Overall, the Consumer Protection Act, 2019 is a progressive step that modernizes consumer law in India. Yet, continuous monitoring, effective enforcement, and widespread consumer education are necessary to realize its full potential and ensure that consumer rights are protected in practice as well as in law.

## 11. Conclusion

The Consumer Protection Act, 2019 represents a major leap forward in safeguarding consumer rights in India. By addressing the shortcomings of the 1986 Act and introducing modern provisions such as the Central Consumer Protection Authority, enhanced jurisdictional limits, product liability, and specific regulations for e-commerce, the 2019 Act provides a more robust and comprehensive legal framework. These reforms empower consumers with better tools for grievance redressal and hold businesses accountable for unfair practices.

While the new Act aligns with the changing dynamics of the marketplace and technological advancements, its effectiveness ultimately depends on proper implementation, awareness among consumers, and efficient functioning of regulatory bodies. Continuous efforts in consumer education and strengthening enforcement mechanisms will be critical to achieving the objectives of the law.

In conclusion, the Consumer Protection Act, 2019, not only strengthens legal protection for consumers but also fosters a culture of transparency and responsibility in the marketplace, contributing to a fairer and more consumer-friendly economy.

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