2025 INSC 593

REPORTABLE

IN THE SUPREME COURT OF INDIA
ORIGINAL/CIVIL APPELLATE JURISDICTION

WRIT PETITION (CIVIL) NO. 282 OF 2021

RUTU MIHIR PANCHAL & ORS. ...PETITIONER(S)

VERSUS

UNION OF INDIA & ORS. ...RESPONDENT(S)

WITH
CIVIL APPEAL NO. OF 2025
ARISING OUT OF SLP (C) No. 1738 OF 2022

J U D G M E N T

PAMIDIGHANTAM SRI NARASIMHA, J.

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1. Constitutionality of Sections 34(1), 47(1)(a)(i) and 58(1)(a)(i) of the Consumer Protection Act, 2019[1] prescribing pecuniary jurisdictions of the district, state and national commissions on the basis of *value of goods and services paid as consideration*, instead of *compensation claimed* are challenged in the writ petition[2] under Article 32 of the Constitution and the civil appeal[3] against the order of the National Consumer Disputes Redressal Commission[4].

2. *Facts in the Writ Petition:* The short facts, to the extent that they are relevant for disposal of the writ petition are that the petitioner's husband purchased a sedan –*Ford Endeavour Titanium* car from S.P. Vehicles Pvt. Ltd., authorised dealer of Ford India for an amount of Rs. 31.19 Lakhs. Tragically, the vehicle caught fire on 20.11.2018 while being driven leading to death of petitioner's husband. Though criminal proceedings were initiated, the present proceedings are concerned with the statutory proceedings initiated under the 2019 Act by way of consumer complaint before the District Consumer Commission, Vadodara for compensation of Rs. 51.49 crores with interest thereon. Pending disposal of the

[1] Hereinafter referred to as the 2019 Act.
[2] W.P. (C) No. 282 of 2021.
[3] Leave Granted and arising out of SLP (C) No. 1738 of 2022 against the order of the National Consumer Disputes Redressal Commission in Diary No. 19172/NCDRC/2021-CC dated 08.10.2021.
[4] Hereinafter, "National Commission".

consumer complaint, the appellant approached this Court by way of the present writ petition under Article 32 of the Constitution alleging that she was compelled to approach the district commission because of the statutory regime under the 2019 Act, whereas under the repealed Consumer Protection Act, 1986[5], she could have directly approached the national commission based on compensation claimed. The relevant portion of the prayer made in the writ petition is as follows:

> *"a) Be pleased to issue appropriate guidelines, Writ in the nature of Mandamus or such other Writ or declaration or directions to declare that newly added Proviso of Section 34(1), Proviso to Section 47(1) and Proviso to Section 58(1)(a)(i) of the Consumer Protection Act, 2019 directing that for Pecuniary Jurisdiction instead of "Compensation Claimed", the "consideration paid at the time of purchase of Services" will be applicable as quoted in Para 2.1, 2.2, 2.3, as violative of Article 14 of the Constitution of India on the ground of Arbitrariness and contrary for the purpose of hierarchy of Judicial System in India.*
> *b)….."*

3. *Facts in the Civil Appeal:* In the civil appeal, the appellant's husband, a District governor of the Lions Club of Jhansi, passed away due to COVID-19 on 25.07.2020. When her claim on the basis of insurance policy offered by Lions International Club, up to two million dollars as compensation to families of deceased members was denied, she approached the national commission seeking Rs. 14.94 crore. However, the national commission

[5] Act No. 68 of 1986. Hereinafter, "1986 Act".

rejected her petition on the ground that the consideration for the insurance policy does not exceed Rs.10 crores. The relevant portion of the order passed by the national commission is reproduced hereinbelow for ready reference;

> "…*The Pecuniary Jurisdiction has been specified in the Consumer Protection Act, 2019, where the consideration paid, if exceeds Rupees Ten Crores, will give power to the National Consumer Disputes Redressal Commission to entertain any Complaint. It has nothing to do with the amount of Compensation to be claimed by any of the Complainant.* "

4. *Statutory Provisions*: Before we consider the legal submissions of the petitioner/appellant and the respondent, a comparative chart of the jurisdictions exercised by the district, state and national commission under the repealed 1986 Act and the present 2019 Act is as follows:

FORUM	**1986 ACT**	**2019 ACT**
District Commission	Section 11.(1) Subject to the other provisions of this Act, the District Forum shall have jurisdiction to entertain complaints where the value of the goods or services and the compensation, if any,	Section 34.(1) Subject to the other provisions of this Act, the District Commission shall have jurisdiction to entertain complaints where the value of the goods or services paid as

	claimed does not exceed rupees twenty lakhs…	consideration does not exceed one crore rupees…
State Commission	Section 17. Subject to the other provisions of this Act, the State Commission shall have jurisdiction— (a) to entertain — (i) complaints where the value of the goods or services and compensation, if any, claimed exceeds rupees twenty lakhs but does not exceed rupees one crore…	Section 47. (1) Subject to the other provisions of this Act, the State Commission shall have jurisdiction — (a) to entertain — (i) complaints where the value of the goods or services paid as consideration, exceeds rupees one crore, but does not exceed rupees ten crore…
National Commission	Section 21. Subject to the other provisions of this Act, the National Commission shall have jurisdiction — (a) to entertain— (i) complaints where the value of the goods or services and compensation, if any, claimed exceeds rupees one crore…	Section 58. (1) Subject to the other provisions of this Act, the National Commission shall have jurisdiction — (a) to entertain — (i) complaints where the value of the goods or services paid as consideration exceeds rupees ten crore…

4.1 A plain and simple reading of the provisions makes it clear that the 2019 Act shifts the basis of the pecuniary jurisdiction of the district, state as well as national commission from value of compensation claimed under the repealed 1986 Act to value of the consideration paid for the goods and services. The petitioners and the appellants claim that this legislative shift must have the effect of annulling sections 34, 47 and 58 of the Act as unconstitutional.

5. *Submissions:* Mr. Shreeyash Lalit and Mr. Abhimanyu Bhandari, Ld. Sr. Counsel represented the petitioner and the appellant respectively. Mr. Vikramjit Banerjee assisted by Mr. Nachiketa Joshi represented the respondents.

6. Mr. Shreeyash Lalit would submit that under the new legal regime, an anomaly has arisen regarding pecuniary jurisdiction and hierarchy of judicial system. The argument is that the impugned provisions gives rise to an anomalous situation wherein, for instance, a person claiming compensation of Rs. 50 Cr, for a defect or deficiency in goods purchased or services availed, for consideration lesser than Rs. One Crore will have to go before the district commission and at the same time one can approach the national commission even if the compensation is less than Rs. One Crore.

6.1 Ld. Counsel argues that the new criterion for determining the pecuniary jurisdiction is discriminatory as consumers who claim identical compensation, but have paid different considerations at the time of purchase of goods or services are treated differently. To buttress their argument, they referred to Section 2(7) of the 2019 Act which defines “consumer” and includes within its ambit any person who buys goods/services for a consideration which is (i) fully paid or promised, (ii) partly paid or promised, (iii) under a system of deferred payment, and also includes (iv) a user of such goods or services. Thus, when the definition of "consumer" itself does not discriminate on the basis of the consideration paid and includes every consumer in the wide spectrum, restricting access to judicial remedies on the basis of consideration paid is illegal and arbitrary.

6.2 As a logical extension of the same argument, it is submitted that there is no rationale for introducing the new criterion for determining the pecuniary jurisdiction. It is argued that even if the object sought to be achieved is to curb instituting exaggerated claims, the same could have been done by way of increasing the pecuniary limits of the forums.

7. Mr. Vikramjit Banerjee, Ld. ASG appearing on behalf of the Union opposed the writ petition and supported his argument on the basis of written submission.

7.1 The first limb of his submission is that Parliament has the legislative competence to determine the jurisdiction and also pecuniary limits of courts and tribunals. To exemplify his submission, he referred to some parliamentary enactments.

7.2 To counter the allegations of arbitrariness, Ld. ASG submitted that the impugned provisions are based on a reasonable classification. He would submit that classification created on the basis of value of goods and services paid as consideration not only creates an intelligible differentia, but also has a rational nexus with the object sought to be achieved, which is "timely and effective administration and settlement of consumer disputes". Further, it is argued, the impugned provisions are not manifestly arbitrary and that they were brought in to prevent exaggerated and inflated claims.

8. *Analysis:* The submissions made by the Ld. Counsels for the petitioner/appellant and respondent can be considered in the context of (i) power to determine pecuniary jurisdiction, (ii) reasonable classification under Article 14, (iii) manifest

arbitrariness, and (iv) loss of remedy. We will consider each of these submissions independently.

9. *Re: Power to determine pecuniary jurisdiction:* There is no doubt about the fact that the Parliament has the legislative competence to enact the Consumer Protection Act, 2019. Under Entry 95 of List I read with Entries 11-A and 46 of List III[6] and in exercise of power under Article 246, the Parliament has enacted the Consumer Protection Act, 2019. The legislative competence to prescribe jurisdiction and powers of a court, coupled with the power to constitute and organize courts for administration of justice, takes within its sweep the power to prescribe pecuniary limits of jurisdiction of the courts or tribunals. In *State of Bombay v. Narottamdas Jethabhai,*[7] Justice Patanjali Sastri concurring with the majority held as under:

> *"**88**. It had long been the practice in this country to constitute and organise courts with general jurisdiction over all persons and matters subject only to certain pecuniary and territorial limitations, and to confer special jurisdiction limited to certain specified cases or matters either on the ordinary courts in addition to their general jurisdiction or on tribunals set up to deal with such matters exclusively. The various Provincial Civil Court Acts as well as the provisions of the Civil and Criminal Procedure Codes invest the*

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[6] Item 95, List I: "Jurisdiction and powers of all courts, except the Supreme Court, with respect to an of the matters in this List; admiralty jurisdiction."

Item 11-A of List III: "Administration of justice; constitution and organization of all courts, except the Supreme Court and High Courts."

Item 46 of List III: "Jurisdiction and powers of all courts, except the Supreme Court, with respect to any of the matters in this List."

[7] (1950) SCC 905

> *courts, both civil and criminal, with general jurisdiction, that is to say, power to adjudicate in respect of all persons and all matters except those that are specifically excluded or brought within the cognizance of tribunals with special or limited jurisdiction extending only to those matters. The grading of the court too in their hierarchy has reference to the pecuniary and territorial limits rather than to the nature and kind of the subject-matter which they are empowered to deal with."*

9.1 Parliament has the legislative competence to prescribe jurisdiction and powers of courts. This power extends to prescribing different monetary values as the basis for exercising jurisdiction. For example, under the Recovery of Debts and Bankruptcy Act, 1993, it is prescribed under Section 1(4) that the provisions of the Act shall not apply where the amount of debt is less than 10 lakh rupees. Section 4 of Insolvency and Bankruptcy Code, 2016 provides that Part II of the Code, relating to insolvency resolution and liquidation for corporate persons is made applicable to matters relating to insolvency and liquidation of corporate debtors where the minimum amount of default is Rs. One Crore. Similarly, the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 also provides under Section 31(h) that the Act shall not apply for securing repayment of any financial asset not exceeding Rs. 1 lakh. Further, the Legal Services Authority Act, 1987 under Section 22(c)(1) provides that the permanent Lok Adalat shall not have

jurisdiction in matters where the value of the property in dispute exceeds 10 lakh rupees. In *Narottamdas Jethabhai (supra)*, Justice Mahajan has observed as under:

> *"**27.** It seems to me that the legislative power conferred on the Provincial Legislature by Item 1 of List II has been conferred by use of language which is of the widest amplitude (administration of justice and constitution and organisation of all courts). It was not denied that the phrase employed would include within its ambit legislative power in respect to jurisdiction and power of courts established for the purpose of administration of justice. Moreover, the words appear to be sufficient to confer upon the Provincial Legislature the right to regulate and provide for the whole machinery connected with the administration of justice in the province. Legislation on the subject of administration of justice and constitution of courts of justice would be ineffective and incomplete unless and until the courts established under it were clothed with the jurisdiction and power to hear and decide cases. It is difficult to visualise a statute dealing with administration of justice and the subject of constitution and organisation of courts without a definition of the jurisdiction and powers of those courts, as without such definition such a statute would be like a body without a soul. To enact it would be an idle formality. By its own force it would not have power to clothe a court with any power or jurisdiction whatsoever. It would have to look to an outside authority and to another statute to become effective. Such an enactment is, so far as I know, unknown to legislative practice and history. Parliament by making administration of justice a provincial subject could not be considered to have conferred power of legislation on the Provincial Legislature of an ineffective and useless nature."*
>
> (emphasis supplied)

9.2 In view of the above discussion, there can be no doubt about the legislative competence and also the power of the Parliament to prescribe limits of pecuniary jurisdiction of courts and tribunals and in our case, the district, state or the national commission.

10. *Re: Submissions that the provisions are discriminatory and violative of Article 14*: Sections 34, 47 and 58 vest jurisdictions in

the district, state and national commission on the basis of *value of goods or services paid as consideration*. The precise question for our consideration is whether empowering the district, state and national commissions to exercise jurisdiction on the basis of value of the goods or services paid as consideration is violative of Article 14.

10.1 If there is one test for determining whether a provision of 'law' is violative of the equality norm, which has been articulated with precision and clarity, it is the independent and interconnecting twin test, as explained in *State of West Bengal v. Anwar Ali Sarkar*[8] as;

> *"85. … In order to pass the test, two conditions must be fulfilled, namely (1) that the classification must be founded on an intelligible differentia which distinguishes those that are grouped together from others, and (2) that that differentia must have a rational relation to the object sought to be achieved by the Act."*

10.2 Classification based on value of goods or services on the basis of the amount paid as consideration is valid. "Consideration" is an integral part of forming any contract. It is also an integral part of the definition of a 'consumer'.

10.3 *An agreement enforceable by law is a* ***contract****.*[9] In turn, *every promise and every set of promises forming part of the*

[8] (1952) 1 SCC 1
[9] Section 2(h) of the Indian Contract Act, 1872.

consideration for each other, is an ***agreement****.* [10] And then, *when, at the desire of the promisor, the promisee … has done…something, such act is called* ***consideration***[11]. *A proposal, when accepted, becomes a* ***promise***[12]. Finally, *when a person signifies to another his willingness to do anything… with a view to obtaining his assent it is a* ***proposal***[13]. While this is the involution of formation of a contract, evolution in its making is evident when a *proposal*, as defined, becomes a *promise* and when such a promise is espoused by *consideration* it becomes an *agreement* and if that agreement is enforceable in law, it becomes a *contract*. Between evolution and involution, lies the essential core, the consideration, without which there is no agreement, and if there is no agreement, there is no contract.

10.4 It is in recognition of the first principles of formation of a contract that section 2(7) of the 2019 Act defines a consumer as *any person who buys any goods or hires or avails any* service *for a consideration*. The consideration could be in the present or future, in whole, part, or by deferred payment. Whichever be the mode, there must be a consideration. That is essential to be a *consumer*.

[10] Section 2(e) of the Indian Contract Act, 1872.
[11] Section 2(d) of the Indian Contract Act, 1872.
[12] Section 2(b) of the Indian Contract Act, 1872.
[13] Section 2(a) of the Indian Contract Act, 1872.

10.5 Therefore, vesting jurisdiction in the district, state or national commission on the basis of value of goods or services paid as 'consideration', is neither illegal nor discriminatory. For this very reason, the submission made by Mr. Shreeyash Lalit that the width of the expression 'consumer' under Section 2(7) of the Act is arbitrarily restricted by Sections 34, 47 and 58 pales into insignificance. The myriad ways in which a consideration could be inferred would not derogate from the essentiality of consideration in every transaction leading to formation of a contract. As we are not dealing with gratuitous agreements, value of consideration is and can be a valid basis for classifying claims for determining pecuniary jurisdiction. We therefore reject the submission that sections 34, 47 and 58 are discriminatory and violative of Article 14.

11. This classification also has a direct nexus to the object sought to be achieved. It is thus not a suspect classification. Value of consideration paid for good or service purchased is closer and more easily relatable to compensation than the self-assessed claim for damages of a consumer. It is clear that the determination of jurisdiction of the district, state or national commissions on the basis of value of consideration paid for purchase of goods and

services has rational nexus to the object of provisioning hierarchy of judicial remedies. Mr. Vikramjit Banerjee has brought to our notice the circumstances that have led to the introduction of Sections 34, 47 and 58 under the 2019 Act. In this context, reference is made to a "Study on impact of Consumer Protection Act, 2019" wherein it is explained that,

> *"....The earlier standard of the manner of determining the pecuniary jurisdiction i.e. 'the value of the goods or services and the compensation, if any, claimed often resulted in a disproportionately larger amount of cases falling under the pecuniary jurisdiction of the NCDRC, as it took into account the value of the final good bought or service availed and secondly upon the amount of compensation that has been prayed for in the complaint. Thus the modifications to the pecuniary jurisdiction were meant to alleviate the disproportionate burden of cases which fell upon the National Consumer Disputes Redressal Commission (NCDRC) by apportioning a larger share to the District and State Consumer Disputes Redressal Commissions. It also made the procedure simpler and easier for consumers as now the consumers can get justice at the District level for monetary level upto Rs one crore, which covers most of the matters relating to goods and services which a common consumer uses/ avails. The legislative intent behind omitting the "compensation" claimed by a consumer in assessing the jurisdiction is of streamlining the method of determining the pecuniary jurisdiction by ousting individual whims of a consumer. As there does not exist any guidance by which a consumer may reasonably determine claims for compensation. Naturally, this resulted in a situation wherein consumers often claimed astronomical amounts of compensation despite the actual consideration being relatively less and as a consequence the District and State Commissions would be ousted of jurisdiction."*

11.1 There is also a misconception that there is some kind of a loss of judicial remedy. No such event has occurred because of Sections 34, 47 and 58 of the 2019 Act. The relief or compensation that a consumer could claim remained unrestricted and at the

same time, access to the state or the national commission is also not taken away. It is well settled that there is no right or a privilege of a consumer to raise an unlimited claim of compensation and thereby chose a forum of his choice for instituting a complaint. In *Nandita Bose v. Ratanlal Nahta*[14], this Court has held that a court or a tribunal will always have the jurisdiction to assess or reassess an overvalued or grossly undervalued claim in a petition in the following terms:

> "***4.*** *…The principles which regulate the pecuniary jurisdiction of civil courts are well settled. Ordinarily, the valuation of a suit depends upon the reliefs claimed therein and the plaintiffs valuation in his plaint determines the court in which it can be presented. It is also true that the plaintiff cannot invoke the jurisdiction of a court by either grossly over-valuing or grossly under-valuing a suit. The court always has the jurisdiction to prevent the abuse of the process of law. Under Rule 10 of Order 7 of the Code the plaint can be returned at any stage of the suit for presentation to the court in which the suit should have been instituted…*"
>
> (emphasis supplied)

In conclusion, while we hold that there is no unrestricted claim for compensation and that it is subject to the determination of the court, we hold that classification of claims based on value of goods and services paid as consideration has a direct nexus to the object of creating a hierarchical structure of judicial remedies through tribunals.

[14] 1987 AIR 1947

12. *Re: Performance Audit of the Statute:* In the written submissions, Ld. Counsel for the petitioner has brought to our notice a decision of the national commission in the case of *M/s Pyaridevi Chabiraj Steel Pvt. Ltd.* v. *National Insurance Company Ltd. & Ors.*[15]

> "*6. …He further submitted that a liberal view should be taken as if "the word value of consideration paid" is taken to be the amount paid for the purchase of goods or services by a Consumer then even though Insurance Policy taken by the Consumer be above 10,00,00,000/-(Rupees Ten crore), factually there will be no instance of making payment by any Consumer premium of more than 10,00,00,000/-(Rupees Ten crore) and if such a strict view is taken then the claims regarding Insurance will have to be necessarily filed either before the District Consumer Disputes Redressal Commission or before the State Consumer Disputes Redressal Commission and not before the National Consumer Disputes Redressal Commission, which will create great hardship to such Consumers.*"
>
> (emphasis supplied)

12.1 Apart from the observation made by the national commission, the Ld. Counsel for the petitioners has submitted that wherever value of goods and services paid as consideration is upto Rs. One Crore, a consumer has to necessarily approach a district commission. Taking the example of insurance claims, it is submitted that only in rare cases the insurance premium would exceed Rs. One Crore and as such the entirety of claims based on deficiency of service by insurance company will be restricted to

[15] CC No. 833 of 2020

district commission. The scheme under 2019 Act, it is submitted, has become lopsided and has impaired the original jurisdiction of the state and national commissions.

12.2 This argument is not based on any illegality, much less on legislative incompetency or *ultra vires* to Constitution. The soundness of this submission will depend on the working of the statute and the data that may be available for assessing its impact. Its implementation and consequences have to be closely examined, analysed and impact assessed.

12.3 A proper appreciation of this issue would depend on performance audit of the 2019 Act. The need for performance audit of a statute was considered by this Court in the case *Yash Developers v. Harihar Krupa Co-operative Housing Society Ltd. & Ors.*[16] wherein it was held that assessing the working of the statute to realise if its purpose and objective are being achieved or not is the implied duty of the executive government. Reviewing and assessing the implementation of a statute is an integral part of Rule of Law. It is in recognition of this obligation of the executive government that the constitutional courts have directed governments to carry performance audit of statutes.

[16] 2024 INSC 559; See Para 35.

12.4 Four aspects for achieving justice are well founded and articulated as, i) distribution of advantages and disadvantages of society, ii) curbing the abuse of power and liberty, iii) deciding disputes and, iv) adapting to change. Adapting to change is important for achieving justice, as failure to adapt produces injustice and is, in a sense, an abuse of power. Thus, failure to use power to adapt to change is in its own way an abuse of power. In fact, the issue is not one of change or not to change, but of the direction and the speed of change and such a change may come in various ways, and most effectively through legislation. Legal reform through legislative correction improves the legal system and it would require assessment of the working of the law, its accessibility, utility and abuse as well. The Executive branch has a constitutional duty to ensure that the purpose and object of a statute is accomplished while implementing it. It has the additional duty to closely monitor the working of a statute and must have a continuous and a real time assessment of the impact that the statute is having. As stated above, reviewing and assessing the implementation of a statute is an integral part of Rule of Law. The purpose of such review is to ensure that a law is working out in practice as it was intended. If not, to understand

the reason and address it quickly. It is in this perspective that this Court has, in a number of cases, directed the Executive to carry a performance/assessment audit of a statute or has suggested amendments to the provisions of a particular enactment so as to remove perceived infirmities in its working.[17]

12.5 A peculiar feature of how our legislative system works is that an overwhelming majority of legislations are introduced and carried through by the Government, with very few private member bills being introduced and debated. In such circumstances, the judicial role does encompass, in this Court's understanding, the power, nay the duty to direct the executive branch to review the working of statutes and audit the statutory impact. It is not possible to exhaustively enlist the circumstances and standards that will trigger such a judicial direction. One can only state that this direction must be predicated on a finding that the statute has, through demonstrable judicial data or other cogent material, failed to ameliorate the conditions of the beneficiaries. The courts will also do well, to at the very least, arrive at a prima facie finding that much statutory schemes and procedures are gridlocked in bureaucratic or judicial quagmires that impede or delay statutory

[17] Id. See Para 36.

objectives. This facilitative role of the judiciary compels audit of the legislation, promotes debate and discussion but does not and cannot compel legislative reforms.[18]

12.6 It is in the above referred context of conducting performance audit of a statute that we recognise the constitution and establishment of two statutory bodies, the Central Consumer Protection Council under section 3 and Central Consumer Protection Authority under section 10 of the 2019 Act.

12.7 The Central Consumer Protection Council[19] is constituted under section 3;

> *"**3. Central Consumer Protection Council.***
> *(1) The Central Government shall, by notification, establish with effect from such date as it may specify in that notification, the Central Consumer Protection Council to be known as the Central Council.*
> *(2) The Central Council shall be an advisory council and consist of the following members, namely:—*
> *(a) the Minister-in-charge of the Department of Consumer Affairs in the Central Government, who shall be the Chairperson; and*
> *(b) such number of other official or non-official members representing such interests as may be prescribed."*

12.8 To ensure that the advise is well considered and takes within its sweep plurality of thought and ideas, the Council comprises officials and non-officials, apart from Ministers-in-charge of Consumer Affairs. In exercise of powers under section

[18] Id, See para 41.
[19] Hereinafter, "Council".

101 of the 2019 Act, the Ministry of Consumer Affairs issued the Consumer Protection (Central Consumer Protection Council) Rules, 2020 whereunder the composition of Consumer Council is given. It is prescribed that it shall comprise Minister in-charge of Consumer Affairs of Union as the Chairperson, Minister of State or Deputy Minister in charge of Consumer Affairs in the Central Government who shall be the Vice-Chairperson, an administrator from UTs, two Members of Parliament, representatives of Departments of the Central Government, autonomous organisations or regulators concerned with consumer interests, Chief Commissioner of Authority, Registrar of the national commission, representatives from consumer organisations and experts in consumer affairs along with Secretaries-in-charge of Consumer Affairs in the Centre and States.[20] The purpose and object of the Council is provided in section 5 of the 2019 Act in the following terms;

> *"**5. Objects of Central Council**: The objects of the Central Council shall be to render advice on promotion and protection of the consumers' rights under this Act."*

[20] Rule 3 of the Consumer Protection (Central Consumer Protection Council) Rules, 2020.

12.9 On the other hand, the 2019 Act also establishes another important body, the Central Consumer Protection Authority[21] under section 10 of the Act;

> ***"10. Establishment of Central Consumer Protection Authority***
> *(1) The Central Government shall, by notification, establish with effect from such date as it may specify in that notification, a Central Consumer Protection Authority to be known as the Central Authority to regulate matters relating to violation of rights of consumers, unfair trade practices and false or misleading advertisements which are prejudicial to the interests of public and consumers and to promote, protect and enforce the rights of consumers as a class.*
> *(2) The Central Authority shall consist of a Chief Commissioner and such number of other Commissioners as may be prescribed, to be appointed by the Central Government to exercise the powers and discharge the functions under this Act."*

12.10 The powers and functions of the Authority are provided under section 18 of the Act and it empowers the Authority *inter alia* to (a) protect, promote and enforce the rights of consumers as a class, and prevent violation of consumers rights [Section 18(1)(a)]; (b) recommend adoption of international covenants and best international practices on consumer rights to ensure effective enforcement of consumer rights [Section 18(2)(e)]; (c) undertake and promote research in the field of consumer rights [Section 18(2)(f)]; (d) advise the Ministries and Departments of the Central and State Governments on consumer welfare measures [Section 18(2)(k)].

[21] Hereinafter, "Authority".

12.11 Apart from the above, the Authority exercise vast powers under sections 19 to 22. In exercise of powers under section 101, the Ministry of Consumer Affairs has framed rules and regulations such as, 'The CCPA (Allocation and Transaction of Business) Regulations, 2020', 'The CCPA (Procedure for Engagement of Experts and Professionals) Regulations, 2021', 'The CCPA (Submission of Inquiry or Investigation by the Investigation Wing) Regulations, 2021', 'The CCPA (Form of annual statement of accounts and records) Rules, 2021'.

12.12 Purpose and object of constituting these authorities is clearly reflected in the preamble of the 2019 Act, the terms of which are;

> *"An Act to provide for protection of the interests of consumers and for the said purpose, to establish authorities for timely and effective administration and settlement of consumers' disputes and for matters connected therewith or incidental thereto."*

12.13 It is interesting to note that in the statement of objects and reasons of the 2019 Act there is a reference to, "*an institutional void in the regulatory regime*" of consumer protection. To obviate this institutional void, the Parliament has under section 10 of the 2019 Act established the Authority and vested in it various powers and functions. The relevant portion of the statement of objects and reasons is quoted here for ready reference;

> *"**4**. The proposed Bill provides for the establishment of an executive agency to be known as the Central Consumer Protection Authority (CCPA) to promote, protect and enforce the rights of the consumers; make interventions when necessary to prevent consumer detriment arising from unfair trade practices and to initiate class action including enforcing recall, refund and return of products, etc. This fills an institutional void in the regulatory regime extant. Currently, the task of prevention of or acting against unfair trade practices is not vested in any authority. This has been provided for in a manner that the role envisaged for the CCPA complements that of the sector regulators and duplication, overlap or potential conflict is avoided."*

12.14 The purpose and object behind referring to the constitution and functioning of the Council and the Authority is only to ensure that the regulatory regime for consumer protection is clearly identified, coordinated – if not centralised and declared to be duty bearers for effective functioning of the consumer protection regime. In a recent decision[22], this Court held that that the significance of creation and establishment of these statutory and administrative bodies is not difficult to conceive. If these institutions and bodies work effectively and efficiently, it is but natural that the purpose and object of the legislation will be achieved in a substantial measure. It is, therefore, necessary to ensure that in the functioning of these bodies, there is efficiency in administration, expertise through composition, integrity through human

[22] *Lifecare Innovations Pvt. Ltd. v. Union of India, 2025 INSC 269.*

resources, transparency and accountability, and responsiveness through regular review, audits and assessments.[23]

12.15 We are also exercising jurisdiction under Article 32 of the Constitution, as the petitioner expressed concern over the ineffective working of the institutions intended to exercise jurisdiction and power for consumer protection. While exercising judicial review of administrative action in the context of Statutes, laws, rules or policies establishing statutory or administrative bodies to implement the provisions of the Act or its policy, the first duty of constitutional courts is to ensure that these bodies are in a position to effectively and efficiently perform their obligations. This approach towards judicial review has multiple advantages. In the first place, while continually operating in the field with domain experts, these bodies acquire domain expertise, the consequence of which would also be informed decision-making and consistency. Further, the critical mass of institutional memory acquired by these bodies will have a direct bearing on the systematic development of the sector and this will also help handling polycentric issues. Thirdly, while continuously being on the field, and having acquired the capability of making real-time

[23] Id. See para 21.

assessments about the working of the policies, these bodies will be in a position to visualize course correction for future policymaking.[24]

12.16 Shifting the focus of judicial review to functional capability of these bodies is not to be understood as an argument for alternative remedy, much less as a suggestion for judicial restraint. In fact, this shift is in recognition of an important feature of judicial review, which performs the vital role of institutionalizing authorities and bodies impressed with statutory duties, ensuring they function effectively and efficiently. The power of judicial review in matters concerning implementation of policy objectives should transcend the standard power of judicial review to issue writs to perform statutory duty and proceed to examine whether the duty bearers, the authorities and bodies are constituted properly and also whether they are functioning effectively and efficiently. By ensuring institutional integrity, we achieve our institutional objectives. Further, effective and efficient performance of the institutions can reduce unnecessary litigation.[25]

[24] Id. See para 22.
[25] Id. See para 23.

12.17 In conclusion we hold that the Council and Authority being statutory authorities having clear purpose and objects and vested with powers and functions must act effectively and in complete coordination to achieve the preambular object of the statute to *protect the interest of consumers*. As they are impressed with statutory duty, their functioning will be subject to judicial review. Vibrant functioning of the Council and the Authority will subserve the purpose and object of the Parliament enacting the 2019 legislation.

13. *Conclusions*: For the reasons stated above; (a) we dismiss the constitutional challenge to section 34, 47 and 58 of the 2019 Act and declare that the said provisions are constitutional and are neither violative of Article 14 nor manifestly arbitrary; (b) Central Consumer Protection Council and the Central Consumer Protection Authority shall in exercise of their statutory duties under sections 3, 5, 10, 18 to 22 take such measures as may be necessary for survey, review and advise the government about such measures as may be necessary for effective and efficient redressal and working of the statute. With the above directions, the Writ Petition and Civil Appeal are disposed of.

14. Pending applications, if any, are also disposed of accordingly.

.....J.
[**PAMIDIGHANTAM SRI NARASIMHA**]

.....J.
[**MANOJ MISRA**]

NEW DELHI;
APRIL 29, 2025