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## **The Supreme Court of India upholds the constitutional validity of the pecuniary jurisdiction of consumer commissions established under the Consumer Protection Act, 2019 basis the value of goods or services paid as consideration**

The Supreme Court of India (“**Supreme Court**”) has in *Rutu Mihir Panchal and Ors. vs. Union of India and Ors.*<sup>1</sup> held that the determination of the pecuniary jurisdiction of the District, State, and National Consumer Commissions (“**Consumer Commissions**”) based on the consideration paid for the purchase of goods and services under Sections 34 (1), 47 (1)(a)(i) and 58 (1)(a)(i) of the Consumer Protection Act, 2019 (“**2019 Act**”) (“**Provisions**”) is constitutional and not violative of Article 14 of the Constitution of India (“**Constitution**”).

### **Brief facts**

This judgement deals with questions of law arising out of – (a) Writ Petition under Article 32 of the Constitution (“**Writ Petition**”)<sup>2</sup>; and (b) Civil Appeal<sup>3</sup> challenging an order passed by the National Consumer Disputes Redressal Commission (“**NCDRC**”) (“**Civil Appeal**”). The facts of each case are as follows:

### **Writ Petition**

The husband of Rutu Mihir Panchal (“**Petitioner**”) purchased a Ford Endeavour (“**Vehicle**”) from an authorised dealer of Ford India Private Limited for INR 31,19,000 (Indian Rupees thirty-one lakh nineteen thousand). On November 20, 2018, the Vehicle caught fire, leading to the death of the Petitioner’s husband. The Petitioner filed a consumer complaint before the District Consumer Disputes Redressal Commission (“**DCDRC**”), Vadodara seeking compensation of INR 51,49,00,000 (Indian Rupees fifty-one crore forty-nine lakh) along with interest. Pending the disposal of the complaint, the Petitioner filed the Writ Petition seeking that the Provisions be declared unconstitutional. This was on the basis that the Petitioner was compelled to approach the DCDRC, Vadodara because of the statutory regime under the 2019 Act, i.e., the pecuniary jurisdiction being determined according to the value of the goods or services paid as consideration. It was alleged that the Petitioner could have directly approached the NCDRC under the repealed Consumer Protection Act, 1986 (“**1986 Act**”) where the pecuniary jurisdiction was based on the compensation claimed.

<sup>1</sup> 2025 SCC OnLine SC 974

<sup>2</sup> Writ Petition (Civil) No. 282 of 2021

<sup>3</sup> Civil Appeal No. 5670 of 2025 arising out of SLP (C) No. 1738 of 2022

## Civil Appeal

The husband of Gurjeet Kaur Saini (“**Appellant**”) passed away due to COVID-19. When the Appellant’s claim based on an insurance policy offered by Lions International Club was denied, she filed a consumer complaint before the NCDRC seeking compensation of INR 14,94,00,000 (Indian Rupees fourteen crore ninety-four lakh). The NCDRC rejected the Appellant’s complaint on the ground that the consideration for the insurance policy did not exceed INR 10,00,00,000 (Indian Rupees ten crore) and thus, the NCDRC did not have pecuniary jurisdiction to entertain the complaint.

Before the Supreme Court, the Petitioner/Appellant contended that: (a) the 2019 Act replaced the pecuniary jurisdiction of the Consumer Commissions from the value of compensation claimed under the 1986 Act to the value of consideration paid, which is unconstitutional; (b) the present statutory regime gives rise to an anomalous situation wherein a consumer claiming a large compensation for a lower consideration would be relegated to the district or state commissions whereas a consumer seeking a lower compensation may be entitled to approach the NCDRC even in the event of a higher consideration paid; (c) the new criterion for determining pecuniary jurisdiction is discriminatory since consumers that claim identical compensation but have paid different considerations are treated differently; (d) given that the definition of a ‘consumer’ under the 2019 Act does not discriminate on the basis of consideration paid, the restriction of access to judicial remedies on the basis of consideration paid is illegal and arbitrary; and (e) there is no rational for introducing a new criterion for determining the pecuniary jurisdiction of the Consumer Commissions.

The respondents *inter alia* contended that the: (a) pecuniary classifications created on the basis of value of goods and services paid as consideration has a rational nexus with the object sought to be achieved, i.e., timely settlement of consumer disputes; and (b) the Provisions are not manifestly arbitrary and were introduced to prevent exaggerated claims.

## Issue

Whether empowering the Consumer Commissions to exercise jurisdiction based on the value of the goods or services paid as consideration is violative of Article 14 of the Constitution?

## Findings and analysis

The Supreme Court held that the Provisions of the 2019 Act are constitutional for the following reasons:

1. the Parliament has the legislative competence and power to prescribe limits of pecuniary jurisdiction of courts and tribunals, including the district, state, and national commission;
2. the test for determining whether a provision of law is violative of Article 14 of the Constitution is founded on 2 (two) principles<sup>4</sup>: (a) the classification must be founded on an intelligible differentia which distinguishes those that are grouped together from others; and (b) the differentia must have a rational relation to the object sought to be achieved by the statute has been satisfied; and
3. the classification of pecuniary jurisdiction based on value of goods and services on the basis of the amount paid as consideration is valid and has a direct rational nexus to the object of creating a hierarchical structure of judicial remedies.

Apart from upholding the validity of the Provisions, the Supreme Court directed the Central Consumer Protection Council and the Central Consumer Protection Authority to take such measures as may be necessary for survey and review and advise the government about necessary measures for the effective and efficient working of the 2019 Act.

<sup>4</sup> *State of West Bengal vs. Anwar Ali Sarkar* (1952) 1 SCC 1

## Conclusion

The classifications set forth in the Provisions (which have been further revised by the Consumer Protection (Jurisdiction of the District Commission, the State Commission and the National Commission) Rules, 2021) prescribe a reasonable and rationale determination of the pecuniary jurisdiction of consumer courts. These Provisions prevent consumers from approaching Consumer Commissions solely on the basis of self-assessed claims for damages.

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