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PRODUCT LIABILITY IN INDIA

A single reference covering how the framework works, how the Supreme Court has shaped it, what's changed this year, and what would move India forward next

Executive Summary

India has no standalone "product liability statute" the way the EU now has a directive. Liability sits inside Chapter VI of the Consumer Protection Act, 2019 (CPA 2019), backed by the Sale of Goods Act, the Contract Act, and sector rules for autos, drugs, food and standards. The Supreme Court has not rewritten this framework, but it has repeatedly interpreted it, on who counts as a 'consumer' and what relief is fair when a simple fix no longer works. Enforcement is increasingly administrative: the CCPA is now a live penalty-issuing regulator with sharper legal reasoning, not just a complaints desk. And 2026 has been an unusually active year on the front end too, the BIS/QCO machinery, after a decade of one-way expansion, is being visibly recalibrated. What hasn't moved is the connective tissue: India still has no single recall law and no settled marketplace liability rule, and closing that gap is the highest-leverage step available right now.

How Product Liability Works in India

Statutory home: Sections 82-87 of the CPA 2019 define 'product liability' as a manufacturer's or seller's responsibility to compensate a consumer for harm caused by a defective product or deficient service, and impose strict liability on manufacturers even where no negligence or fraud is shown.

Who can sue:

Only a 'consumer' as defined under the Act, someone who buys or hires goods/services for consideration, not for resale or a commercial purpose. Purchases for commercial or profit-making use generally fall outside the Act and must instead be pursued as ordinary civil or tortious claims.

Forum structure:

Complaints go to District, State, or National Consumer Commissions depending on claim value, with a further appeal to the Supreme Court against an NCDRC order. Proceedings are summary in nature ,not full trial, and a Commission is expected to decide within three to five months, though backlogs often push this closer to 18 months.

Parallel regimes:

The Motor Vehicles Act (vehicle recalls), the Drugs and Cosmetics Act with the Medical Devices Rules, the Food Safety and Standards Act, and the BIS Act each carry their own defect, recall, and penalty provisions

that apply alongside , not instead of , the CPA 2019.

CCPA as enforcer:

The CCPA can act on its own motion, investigate unsafe or hazardous products, order recalls, and impose financial penalties for misleading advertising or unfair trade practices, independent of any individual consumer complaint.

Proof burden:

The complainant must generally establish the defect, and Commissions have repeatedly insisted on a report from an authorised testing laboratory or expert body , a lay assertion of manufacturing defect', without such a report, is routinely rejected on appeal.

How the Apex Court Has Shaped It

The Supreme Court hasn't had many chances to lay down sweeping product liability doctrine, India's case law here develops mostly at the Commission level, but its interventions have set the tone on two recurring, high-stakes questions: who is protected, and what relief is adequate.

Case	What happened	What it settled
Daimler Chrysler India v. Controls & Switchgear Co., (2025) 1 SCC 534	Two companies bought luxury vehicles for their directors' personal use; the vehicles had persistent, unrepaired defects.	Corporate buyers can still count as 'consumers'-what matters is whether the purchase has a direct link to profit making, not who signed the cheque. Full purchase price ordered refunded, not a depreciated value.
State of A.P. v. BMW India (P) Ltd., (2024) SCC OnLine SC 1740	A defective car dispute dragged on so long that a court-ordered replacement was no longer a fair remedy the old car had already been surrendered.	Courts will award money instead of a mechanical 'replace the product' order when circumstances have moved on. □ 50 lakh compensation awarded.
NCDRC cases below the Supreme Court (Honda Cars v. Ushat Gulgule; Emtex Machinery v. MIC Engineers)	Complainants alleged manufacturing defects without a report from an authorised testing laboratory.	Reinforces that a defect claim needs expert/lab evidence to succeed - a consumer's own assertion, or an informal report, isn't enough on appeal.

Together, these decisions send a consistent signal: the apex court will protect genuine consumers generously on relief, including corporate buyers acting in a personal capacity, but complainants still need to clear a real evidentiary bar to get there.

The Regulatory Machinery Is Being Recalibrated

For a decade, India's default answer to product-quality concerns was simply more Quality Control Orders -BIS's QCO count grew from 14 orders covering 106 products in 2014 to more than 187 orders covering 769-plus products by late 2025. 2026 is the first year that one-way trend visibly bent: not reversed, but rebalanced toward risk-based flexibility alongside continued expansion in sensitive categories.

Measure	What it does	Effective	Why it's notable
Transition Facilitation (QC) Order, 2026 - 25 June 2026	Lets eligible manufacturers supply under a lighter BIS Scheme II licence instead of the full ISI Mark (Scheme I), based on technical capability and compliance history	Immediate; valid 5 years; applications open 24 months	First risk-tiered, capability-linked exception built into India's QCO regime
Electrical Appliances QCO, 2026	Mandatory BIS certification and ISI mark for 90+ household, commercial and industrial appliance categories	1 October 2026	One of the broadest single-sector QCOs to date; direct precondition for market entry
Polyester fibre & yarn QCO - withdrawn	Rolled back a 2021 QCO that had forced sourcing	Withdrawn November 2025	First major QCO reversal after years of one-way expansion (14→187+

Measure	What it does	Effective	Why it's notable
	only from BIS-licensed producers		orders since 2014)
LMPC Amendment Rules, 2026 - new Rule 6(10A)	Mandatory country-of-origin and product-detail disclosure on e-commerce listings for imported packaged goods	Effective 1 July 2026	Closes the online/offline labelling gap; direct compliance load on marketplaces and importers

The Transition Facilitation Order is the more interesting signal of the two big 2026 moves: it is the first time regulators have built a formal, capability-linked exception into the QCO system rather than issuing blanket mandates or blanket exemptions. Combined with the LMPC amendment's new online country-of-origin duty, the direction is clear - more differentiated obligations by risk and channel, rather than one-size-fits-all rules.

Watch next: whether the same risk-tiered logic gets extended to other sensitive QCO categories, and whether more legacy QCOs are pruned the way the polyester fibre order was.

Recent Penalties and Awards

Indian product-liability enforcement plays out on two tracks: consumer-forum compensation for individual harm, and CCPA penalties for misleading claims or unfair trade practices affecting consumers as a class. Recent orders on both tracks show the pattern MNCs are now facing:

Matter	What was alleged	Award / penalty	Why it matters
CCPA order v. Storia Foods & Mrs Bectors (English Oven), 18 June 2026	Misleading '100% natural / tender coconut water' and '100% whole wheat' advertising claims	□1 lakh penalty each, plus mandatory withdrawal of claims from all packaging and platforms	New ‘cumulative impression’ standard ,individually true claims that together mislead are still unlawful. Fine is nominal; the forced relabel/re-list is the real

Matter	What was alleged	Award / penalty	Why it matters
			cost.
CCPA order v. Drishti IAS	Misleading claims about exam-selection numbers	₹5 lakh penalty	CCPA is willing to escalate penalty size where public-facing claims are demonstrably false
Daimler Chrysler India v. Controls & Switchgear Co. (2025) 1 SCC 534 - Supreme Court	Persistent defects in a luxury vehicle sold to a company for director use	Full purchase price ordered refunded (not depreciated value)	'Commercial purpose' bar under CPA 2019 read narrowly by the apex court
State of A.P. v. BMW India (P) Ltd., (2024) SCC OnLine SC 1740 - Supreme Court	Defective vehicle; replacement no longer practical after a prolonged dispute	Consolidated compensation of ₹ 50 lakh	Apex court will tailor relief to the facts rather than apply a fixed remedy
District Commission - EV manufacturer & seller (2026)	Repeated battery drainage defect in an electric vehicle within warranty	Battery replacement ordered, plus ₹ 25,000 for mental distress and ₹ 10,000 litigation costs	'No return policy' or usage-pattern defences do not defeat a proven recurring defect

Beyond individual orders, the Ministry of Consumer Affairs disclosed to Parliament on 4 February 2026 that CCPA penalties for misleading advertisements and violations of consumers' interests as a class had reached ₹ 2,57,40,500 in the current reporting cycle - the first time this aggregate figure has been placed on the public record, rather than left to be pieced together from individual orders.

What MNCs Should Keep in Mind

Strict liability, no fault needed:

The CPA 2019 imposes liability on manufacturers even where they show they were not negligent or fraudulent in giving an express warranty ,documentation of design and testing diligence helps on quantum and reputation, but is not by itself a full defence.

'Consume' status is broader than it looks:

Corporate buyers, and purchases routed through group companies for personal or employee use, may still qualify as 'consumer' purchases post-Daimler Chrysler. Don't assume B2B-labelled transactions are automatically outside CPA 2019 exposure.

Warnings and instructions are a live liability point:

Failure to pass on a manufacturer's warnings through the distribution chain, or inadequate warnings generally, is an independent basis for liability against both manufacturer and seller -relevant for products localised or re-packaged for the Indian market.

Joint and several exposure with local partners:

Indian courts and Commissions routinely hold manufacturers and their dealers/distributors jointly and severally liable, and have rejected attempts to shield a foreign manufacturer by pointing to the local dealer alone.

E-commerce and marketplace listings draw active scrutiny:

The CCPA and Consumer Commissions are actively policing product claims made on online listings - country-of-origin labelling, '100%'/ 'natural' style claims, and no-return policies have all drawn recent orders.

Expert evidence protects both sides:

Because Commissions require authorised laboratory or expert opinion to establish a defect, MNCs benefit from maintaining accessible testing records and engaging promptly with Commission-directed testing rather than resisting it.

Damages remain moderate by global standards- but compliance disruption doesn't:

Even the larger recent awards (the □50 lakh BMW India award) are modest next to Western verdicts; the bigger commercial risk is often forced recalls, re-labelling, and CCPA-mandated claim withdrawal.

No AI-specific liability regime yet:

Unlike the EU's new Product Liability Directive, India has not extended product liability rules to software or AI-driven products specifically, so connected or AI-enabled goods are currently assessed under the same defect-and-warning framework as any other product.

The Gap That Hasn't Closed

No horizontal recall statute:

India still has no single law governing product recalls. Recall powers exist only inside sector silos -the CCPA under the CPA 2019, the Ministry of Road Transport under the Motor Vehicles Act, CDSCO under the Drugs Act, and the Food Safety Authority under the FSSA - each with its own trigger, timeline, and reporting format. A defect spanning categories (for example, a battery used in both an EV and a consumer electronics product) can fall into two separate recall regimes with no shared reporting portal between them.

Fallback liability is still a draft, five years on:

The proposal to make e-commercemarketplaces liable when a registered seller defaults has been under discussion since 2021, and objections from NITI Aayog and industry - chiefly that it conflates consumer protection with FDI and intermediary-liability policy -have kept it unresolved through 2026.

What Would Actually Benefit India Right Now

The pieces already in motion in 2026 ,QCO recalibration, sharper CCPA reasoning, published penalty data , point toward a coherent next step rather than more incremental rulemaking.

Legislate a single, horizontal recall framework:

A common recall trigger, reporting portal, and timeline across BIS, CDSCO, MoRTH and FSSA , modelled on the coordination the QCO overhaul is already attempting ,would cut compliance cost for manufacturers operating across categories and close the current cross-category blind spot.

Resolve fallback liability with the same risk-tiering logic used for QCOs:

Apply fallback liability first to inventory-linked and closely-controlled marketplace arrangements, where the platform already exercises functional control over listings and fulfilment, and calibrate obligations upward from there, the exact capability-based approach just validated by the Transition Facilitation Order.

Institutionalise penalty-data disclosure:

The February 2026 Parliament answer showed a consolidated CCPA penalty figure is compilable , it should be published on a running basis (e.g. quarterly on the CCPA website) rather than surfaced only when a question is asked in the House.

Extend product liability insurance from optional to expected in high-risk categories:

Ev battery defect claims andmedical device compensationcases are bothrecurring in 2026 order books; encouraging insurance for EV, medical device and connected-appliance manufacturers would let compensation keep pace with a fast-growing, higher-risk product mix.

Get ahead of AI and software liability rather than waiting for a court to force it:

India remains one of the few major markets with no product liability treatment of software or AI at all, even as BIS simultaneously expands QCO coverage into connected electronics. Folding baseline safety and disclosure obligations for AI-enabled products into the BIS standards process now would be cheaper than retrofitting liability rules after a defect becomes a court case.

For MNCs, Indian product liability risk is less about a single catastrophic verdict and more about the density of exposure: consumer-forum claims are relatively easy to file, the Supreme Court has interpreted ‘consumer’ status broadly, and the CCPA is increasingly scrutinising advertising and marketplace claims. For India, 2026 marks a significant strengthening of both front-end quality regulation and back-end enforcement. The next step is to apply risk-based, capability-linked calibration and public, aggregated enforcement data to a horizontal recall law and fallback liability framework, rather than leaving these issues confined to sector-specific rules and an outdated draft.

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