
REFORMING INDIA'S LEGAL METROLOGY ACT, 2009: PATH TO SIMPLIFIED BUSINESS-FRIENDLY COMPLIANCE

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ABSTRACT

India's Legal Metrology Act, 2009, regulates the standards of weights, measures, and labeling to safeguard the interests of consumers and also to ensure fair trade practices. However, rigid enforcement and frequent amendments in regulations, together with criminalizing minor violations, create enormous difficulties for businesses, especially small and medium enterprises. This paper suggests reforms that should simplify compliance, decriminalize minor offenses, and make labeling regulations more streamlined to achieve a business-friendly environment that promotes consumer protection along with growth in entrepreneurship.

Keywords: Legal Metrology, Compliance, Ease of Doing Business, Regulatory Reform

Introduction

Metrology, the science of measurement, is the foundation for fair trade, as it establishes accuracy and trust in commercial transactions. From the very precise systems of the Indus Valley civilization to Kautilya's Arthashastra, accurate measurement has been at the center of India's economic practices for a long time. In ancient times, reliable standards for weights and measures facilitated trade and ensured equitable exchanges. In modern times, the Legal Metrology Act, 2009, was enacted to regulate weights, measures, and labeling, replacing earlier fragmented legislations.

Though its goals of consumer protection have resulted in it causing undue compliance troubles to business entities, the strict provisions have led to its being burdened with various overlaps, criminalization of small mistakes, and frequent amendments. Hence, reformation of this Act would be necessary in boosting entrepreneurship, making ease of doing business, and eventually in generating economic growth.

Criminalisation of Offences: Unequal Implementation The most controversial of Legal Metrology Act is probably its punitivist aspect regarding minor offenses. On one hand, harsh penalties have been promulgated in Chapter V, Sections 25-47 that entail imprisonment against repetitive offenders, liability of company's director and, therefore creates unreasonable threat towards businesses with small typos at labels.

For instance, using abbreviations such as "gms" instead of "grams" may raise legal concerns, even if no harm is likely to be encountered by consumers.

Such an attitude does not foster innovation while raising compliance costs disproportionately at the expense of SMEs. These measures will increase the costs of operations, discourage market entry, and, subsequently, slow economic growth and innovations.

Reforms Recommended

The Jan Vishwas Bill, 2022, was passed in 2023, which is a giant leap towards decriminalization of minor offenses under the Act. The Bill advocates for proportionate penalties and corrective measures instead of criminal sanctions. Virtual courts for minor disputes should be the next reform to streamline resolutions and reduce judicial backlogs.

Virtual courts would speed up the dispute resolution process, reduce litigation costs, and increase access to justice for small businesses.

Moreover, criminal liability for minor offenses should be substituted with civil penalties and administrative fines for procedural lapses. This would make India's regulatory system inline with international best practices and make the environment more entrepreneurial-friendly.

Packaging Regulations Complexity

The Legal Metrology (Packaged Commodities) Rules, 2011, make exhaustive labeling a mandate for transparency. Mandatory declarations include product identity, net quantity, maximum retail price (MRP), the name and address of the manufacturer, and expiry dates. Though these rules help consumers, their complexity is most of the time overwhelming to business, resulting in errors and penalties.

Challenges and Overlapping Regulations Frequent Amendments: Over 20 amendments were introduced between 2020 and 2022, which forces businesses to change labels periodically. Such frequent alteration causes production cycle disruption and raises operational cost.

State-specific requirements complicate the compliance process. Differences in regional labeling standards create logistical difficulties in inter-state trade.

Overlapping Rules: The overlap with other regulations, such as the Bureau of Indian Standards Act, is confusing and causes inefficiency and heightened regulatory risks.

Streamlining Compliance

The advantage would be a simple compliance through unified labeling, as is possible where all changes of ministries are put into the biannual or annual notification, just like the FDI Policy of India - and thus clearly eliminate ambiguities in investment guidelines in its very consolidated form, as in a predictable environment the companies will face less disruption and it allows more long-term planning.

Technological innovation can alleviate the growing complexity of mandatory labeling. The Packaged Commodities Rules were amended in 2022 to include Quick Response (QR) codes

for electronic goods, so some details are now available digitally. In 2023, the Drugs Controller General of India also made QR codes compulsory for major pharmaceutical brands.

Two-Tier Information System

A two-tier information system will become possible if QR codes are extended to all pre-packaged goods.

1. Critical Information: All critical purchase-related information, including product name, net quantity, and MRP, is printed in clear view.
2. Supporting Information: Manufacturing and consumer care information is available through QR codes.

This format de-clutters labels, improves readability, and saves on compliance costs by allowing for digital information to be updated dynamically. It also provides the flexibility for businesses to adapt to changes in regulations without incurring significant re-printing costs.

Eliminating Frivolous Notices: Using Improvement Notices

Enforcement under the Legal Metrology Act often punishes businesses for minor errors, like slight variations in font size or labeling format. Such actions do not add to the well-being of consumers but unnecessarily burden them.

The Case for Improvement Notices

Taking a cue from the Food Safety and Standards Act, 2006, the regime of improvement notices may be adopted for minor non-compliance. Improvement notice regime would allow businesses to rectify their mistakes within a period before levying penalties on them. Benefits include the following:

1. Voluntary compliance is encouraged.
2. Administrative burden on enforcement agencies is lessened.
3. Fairness and proportionality are followed while enforcing.

This system will strike the right chord between the protection of consumers and business

interests, such that the regulatory enforcement does not act as a hindrance to the economic growth but works in tandem with it to promote growth.

Conclusion

The noble objectives of consumer protection that are at the roots of the Legal Metrology Act of 2009 give it a call for high-profile reforms into contemporary business needs. Decriminalization of minor offenses, consolidation of labeling regulations, utility of technology, and using improvement notices can make India a more benign regulatory jurisdiction. All this will not only enhance doing-business ease but also promote a culture of trust and business efficiency, making India number one in fair trade practices worldwide.

The legal need for reforming the Legal Metrology structure also becomes an outright strategic imperative in India's pursuit of economic progress. The reforms will spur innovation, ease bureaucratic hindrances, and allow businesses to thrive and serve consumers better. Through these reforms, India can take a giant leap toward shaping a regulatory environment that does reflect its aspirations as a global economic powerhouse.