PINAC
ADVOCATES AND SOLICITORS

Navigating Prosecution Under The Legal Metrology Act

- *Some key pointers*

September 23, 2025

Background

Recently, the Government of India (GoI) announced a rationalization in the tax rates applicable under the Goods and Services Tax (GST) regime. Consequently, industry players have been grappling with the modalities to ensure that rate reductions are passed on to consumers as per government instructions. In this respect, the Department of Consumer Affairs released a direction allowing manufacturers, packers and importers of pre-packaged goods to revise Maximum Retail Price (MRP) through the use of stickers, stamping or online printing. This direction draws attention to the application of and compliance with the Legal Metrology Act, 2009 ("**LM Act**") and associated regulations which primarily govern the regulations of weights and measures and regulate mandatory declarations required to be disclosed on the packaging of goods, including fast moving consumer goods. Compliance with the provisions of the LM Act and the Legal Metrology (Packaged Commodities) Rules, 2011 ("**Packaged Commodity Rules**") is mandatory for entities looking to sell "pre-packaged commodities" in India.

This article highlights some key considerations for companies selling pre-packaged commodities in India who face regulatory scrutiny and notices issued under the LM Act read with the Packaged Commodity Rules.

1. *Criminal Liability and Risk of Imprisonment and other Penalties under the LM Act*

Chapter V of the LM Act deals with offences and penalties applicable for various offences ranging from usage of non-standard weight to sale of non-standard packages. The LM Act as it originally stood prescribed a minimum fine of INR 25,000 up to INR 1,00,000 in case of repeated offences while also prescribing imprisonment up to 3 years in the event of subsequent offences in select cases.

The Central Government in 2023 decriminalized certain minor offences under the LM Act which was part of a larger measure aimed at improving the ease of doing business.[i] However, provisions for imprisonment for contravention of certain provisions of the LM Act continue to exist. For instance, selling of non-standard packages attracts a term of imprisonment in the event the offence is repeated twice.

In this context, the Central Government has introduced the Jan Vishwas (Amendment of Provisions) Bill, 2025 which seeks to further decriminalise provisions under the LM Act. These proposed amendments also contemplate the concept of an improvement notice the first time an offence is committed followed by fines as a punishment.

2. *Compounding under the LM Act and Appellate Remedy*

The LM Act allows for the compounding of a broad range of offences, including those that are punishable by way of imprisonment. Compounding effectively allows the concerned entity to pay the prescribed sum to the credit of the government either prior to or after the initiation of prosecution and such payment ensures no proceedings can be initiated in respect of the compounded offence(s). That said, compounding of an offence under the LM Act is not allowed if a similar or identical offence was compounded earlier within a period of 3 years from the date of the instant offence.

The LM Act provides for a mechanism wherein companies can nominate a director as the individual responsible for compliances under the Act. A recent amendment has allowed individuals other than directors to be nominated subject to certain conditions. Prosecution is typically initiated against the company and the nominated individual. In the absence of a nominee every person responsible for the conduct of the business can be impleaded and held accountable for such non-compliances.

Where a company wishes to contest the allegations vis-à-vis violation of the LM Act and associated regulations, they are entitled to a statutory appeal. Such appeal is required to be filed within a timeline of 60 days from the date of the order where such limitation period is extendable by a further 60 days subject to conditions. The appellate authority is obligated to give the parties a reasonable opportunity of being heard before passing any pronouncement.

3. *Potential Practical Measures to Challenge Prosecution*

While compounding may be an effective mechanism to avoid criminal prosecution, entities would be well advised to first assess the notice issued by LM department in case of an alleged offence. Upon receipt of a notice alleging any offence under the LM Act (including those carrying the risk of imprisonment), an entity may consider the following options:

(i) Typically, the first instance or intimation from the Legal Metrology (LM) department is in the form of a 'show cause' notice asking the concerned party to either compound the offence or face prosecution in the event the alleged offence is punishable by imprisonment. In our experience, there is no standard template across states for issuance of such a 'show cause' notice and typically the format of notices varies across States. Upon receipt of a 'show cause' notice, the entity should internally assess if the concerned offence is a first offence or not, as typically, the LM Act prescribes monetary fines when an offence is committed the first time, while the possibility of imprisonment only arises for subsequent offences of the same or similar nature. Where a subsequent offence is being alleged under the LM Act, compounding of such offence would not be an option in the event the subsequent offence has taken place within 3 years of compounding the first offence . In this regard, in our experience, while most show cause notices typically provide the parties with an option to compound the offence, sometimes notices are silent on this aspect and only assert prosecution with risks of imprisonment of the company nominees, irrespective of the fact of whether it is a first offence or not. Therefore, to assess if compounding is an option, entities must determine if the offence has been committed before and compounded or has been committed for the first time - as this would be a critical limb of its defence strategy.

(ii) In the event entities determine that the allegations contained in the notice are untenable, it may be prudent to furnish a detailed reply to the concerned LM department issuing the said notice. The concerned LM department must adjudicate upon the reply received and pass a considered order if the department wishes to prosecute the offence. The LM Act clearly specifies that an appeal shall lie from a "decision" or "order" of the concerned LM department issuing the notice.[ii] Typically, in many instances the concerned LM department neglects to pass a formal decision or order. The absence of such final decision or order can potentially vitiate the rights of the noticee to avail the statutory appellate remedy against the concerned LM department. Such vitiation can be a ground for the noticee entity to subsequently challenge any prosecution. Alternatively, in the event the concerned LM department issues a subsequent notice, the same can be treated as a formal decision or order passed post the reply of the entity having been recorded by the concerned LM department where such second notice can be challenged before the appellate authority as statutorily contemplated.

(iii) Notices can be issued in respect of the same offence to multiple parties, such as the manufacturer, marketer, wholesaler and retailer. In such cases, it is possible for one of the parties to the offence to compound the offence on their own volition. In such an event, the proceedings against all other parties vis-à-vis the compounded offence shall also automatically drop – i.e., the concerned LM department will not be able to prosecute any of the other parties vis-à-vis the compounded offence. The Hon'ble Telangana High Court has reiterated the principle that compounding occurs vis-à-vis the offence and not the party as a result of which the Legal Metrology department is barred from prosecuting a compounded offence.[iii]

Conclusion

While there are no updated real time numbers documenting the number of notices issued by the Central or State Governments, public reports indicate that companies selling pre-packaged commodities receive (and face the imminent risk of receiving) notices alleging violations of the LM Act and associated regulations. In such an event, entities could potentially consider some of the procedural defences as delineated above in addition to grounds of defence peculiar to the case at hand.

Author: *Raghunath Seshadri*

---

[i] Section 25, Section 27, Section 28, Section 29, Section 31, Section 34, Section 35 were among the provisions of the LM Act that were decriminalized with the punishment of imprisonment being replaced with enhanced fines instead by the Jan Vishwas (Amendment of Provisions) Act, 2023

[ii] Section 50 of the LM Act

[iii] M/s Hindustan Unilever Limited Vs State of Telangana and Ors. Criminal Petition No 5596 of 2023 (Telangana HC)