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January 19, 2023

Shri Alkesh Kumar Sharma, IAS
Secretary
Ministry of Electronics & IT

Subject: Reg. request related to the Legal Metrology (Packaged Commodities) Amendment Rules, 2021

Respected Sir,

Greetings from MAIT!

Sir, we are writing to you in reference to the Legal Metrology (Packaged Commodities) Amendment Rules, 2021 vide GSR 779(E) dated 2nd November 2021. We would like to bring to your notice the changes made through clause 5(i) whereat it mentions that *“in clause d of Rule 6 the words, —or pre-packed or imported shall be omitted”*

This would imply that all the pre-packaged commodities meant for retail sale shall need to mandatorily include the Month and Year in which the commodity is manufactured.

Background

Under the latest amendment, the flexibility to mention the date of packaging or import on the MRP label is taken away, consequently, the month of manufacturing has been made mandatorily to be declared on the label.

Sir, while we appreciate the intent of the amendment, which may be relevant for a few sectors which provide perishable goods to consumers, however, for the electronics and consumer durable industry this amendment is very onerous.

We would like to share some insights which may help you appreciate the complexity of tracing such products at the global manufacturing level:

- A typical large electronic consumer durable company has approx. 24 manufacturing Units & >2000 suppliers across the Globe producing finished goods and spare parts for retail sale at their respective manufacturing units.
- Various Electronics Brands have deployed extensive resource and capital to establish distribution centres/warehouses/storage in India for labelling products for retail sale to comply with Indian laws.
- There are also non-serialised accessories such as cases, covers and cables sourced, transported and stored by brands in bulk and locally packed by brands/importer for the retail sale.

- A tracking and logistics mechanism by manufacturing month for such products does not exist and is impossible to create owing to supply chain constraints. Further, it is impossible to create additional manufacturing month-wise storage/logistics and labelling facilities to accommodate the requirements of the amendment. Such requirements will increase costs, and inefficiency in distribution and logistics operations in India. Further, this will overall adversely impact ease of doing business.
- The mandate of labelling the month & year of manufacturing along with the MRP label itself on the packaged commodity is unique to India and is not applicable in any of the countries across the globe, which makes it practically impossible for global supply chains to keep a record of the manufacturing month & year of all the products.

From a Consumer's interest perspective, by taking the electronics sector as an example, we would like to highlight some of the important facts which would help in establishing that consumer welfare and benefit is our prime objective:

- Electronics industry thrives on continuous innovation and upgradation which ensures that a consumer is provided with the latest products and technologies on every purchase.
- In the case of mobile phones, the average usability trend of mobile phones in terms of its model is 2 years. Additionally, consumers are well versed with latest launch of models of the mobile phones. This rules out the possibility of dumping old products in the market.
- Average inventory holding of spare parts of mobile phones is approx. 2-3 months which keeps on getting replenished by fresh stocks. To give you a perspective, key components of mobile phones, which are the Display, Motherboard, Back cover and Battery constitute approx. 70% of the value of the mobile phone **and are exclusive in each model**. This ensures that only a new product/part is provided in each purchase.
- Warehouse operations in the electronics industry work on a First-In First-Out (FIFO) basis, which ensures that fresh stock is maintained consistently.
- Lastly, brand owners provide for warranty with the product on the date of purchase by the consumer which brings in parity with respect to the period of servicing to the consumers, irrespective of the date of manufacturing or packaging.

Given the above background, the challenges of the global supply chain and the nature of the product (which is constantly evolving and non-perishable), we humbly request you to consider our recommendations as below:

Retain the term “pre-packaged or imported” in the Rule 6, sub-rule (1) clause (d) as it was in the original rules to mention the details of month and Year

Your kind consideration will go a long way in ease of doing business in the IT and electronic sector. We continue to ensure that the consumer's interest is protected. We will be more than happy to discuss and explain the same in detail as per your convenience.

Warm regards,


Col. AA Jafri, Retd.
Director General

CC: Smt. Asha Nangia, Sr. Director & Group Coordinator, Ministry of Electronics & IT