

Guidelines for change in MRP due to GST rates revision

Background:

The Government's GST rate rationalization exercise, to be effective from September 22, 2025, has its impact on the product regulatory aspects including declaration of MRP under Legal Metrology Regulations. In this regard, the Legal Metrology Department under the aegis of Ministry of Consumer Affairs, Food and Public Distribution, has issued a Letter dated September 9, 2025, providing the requisites for declaration of revised MRP due to GST rate changes. The letter provides the guidelines and compliance requirements applicable in cases of upward or downward revisions of tax rates.

Guidelines on MRP revision:

The guidelines permit manufacturers/ packers/ importers of pre-packaged commodity to declare revised MRP on unsold inventory subject to following conditions:

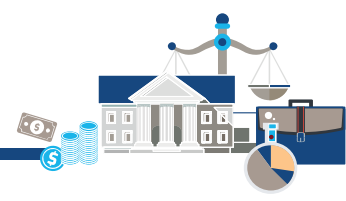
- i. Original MRP to remain intact and Revised MRP to be declared separately
- ii. Revised MRP amount shall not be higher than the upward/ downward tax revision
- iii. Circulation of information through following methods:
 - Two advertisements in one or more newspaper
 - Circulation of notice to dealers
 - Circulation of notice to Director, Legal Metrology at Centre level and Controllers, Legal Metrology at State levels

It is further clarified that any unexhausted packaging material (prior to GST revision) may be consumed up to December 31, 2025, post corrections in MRP. Such revised MRP may be declared through use of an additional label or sticker/ stamping/ online printing.

Dhruva Comments: While the guidelines are well-intentioned and provide much-needed clarification on the alteration of MRP pursuant to tax rate changes, they raise certain pressing concerns:

- ✓ The allowance for revisions only to the extent of rate changes (particularly downwards) places an implicit onus on businesses to pass on GST rate benefits, potentially creating an anti-profiteering exposure
- ✓ No mechanism for re-labelling unsold inventory lying at the dealership/retailer level
- ✓ No prescribed format has been notified for publishing newspaper advertisements

Businesses may consider filing representations before the appropriate authorities seeking clarity on the above aspects, in order to safeguard industry interests and ensure a smooth transition to the new tax regime.



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