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INFLATED MRPS, ILLUSORY DISCOUNTS AND THE LEGAL METROLOGY DILEMMA IN INDIAN E-COMMERCE

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Abstract:

India's digital marketplace is exploding, changing the nature of retail consumption; but it has also given rise to a sneaky pricing trick – the MRPs are being over-inflated to create the illusion of a discount. Online platforms often use 'list prices' that are over inflated and offer highly discounted 'sales' that are significantly higher than the prices in physical stores, taking advantage of the perception of a saving. This article takes a 'whole-of-business ' perspective to explore the various issues arising from list price manipulation in the Indian e-commerce context. The study draws on the principles of behavioural economics, legal examination, competition policy, technological innovation, comparative jurisprudence, and corporate governance to address the issue of artificial discounting in light of its impact on the integrity of the market and consumer confidence. In its essence, the analysis explores the conflict between the dynamic pricing algorithms used online and the statutory provisions contained in the Legal Metrology Act, 2009 (including Section 36 penalties), Legal Metrology (Packaged Commodities) Rules, 2011 (Rules 6 and 18) and the Consumer Protection Act, 2019. Sellers can easily circumvent overcharging because of the reduction in their rate from the printed MRPs but they can easily over-inflate the reference price, which undermines the transparency that is required by law and disadvantages consumers who seek tax benefits (for example, reduced Goods and Services Tax (GST) rates). Moreover, the article widens the scope of the investigation into competition law, looking at the interplay between deep discounting and predatory pricing, and the cautious approach adopted by the Competition Commission of India (CCI) and the irregular bottlenecks in the process of enforcement in response to complaints. In addition to the statutory penalties, the article calls for a multi-dimensional remedial framework that recognizes the need to go beyond them. In a technological sense, it delves into using AI for identifying price anomalies and blockchain for creating unalterable MRP audit trails, aligning with NITI Aayog's recommendations. In comparison, it takes practical examples of the international regimes under which the United Kingdom's Consumer Protection from Unfair Trading Regulations and Australia's Competition and Consumer Act have been written to suggest how "misleading discounting" could be operationalised and requires past pricing disclosures. At the demand-side and corporate levels, however, interventions are equally significant; education in targeted campaigns and the comparison of prices offline and online, will empower shoppers, whereas encouraging e-commerce companies to adopt ethical pricing practices rather than short-term

marketing tricks to reduce the risk of litigation and reputation damage. Overall, this comprehensive analysis shows that price declaration integrity in India's digital economy needs a coordinated effort from the regulatory side between DCA and CCI, technological accountability, consumer awareness, and self-regulation by companies. The article outlines a future path that balances legal requirements with the technological and market solutions needed, so that online discounts truly benefit the consumer, and not just regulatory loopholes.

Key Words:

1. MRP's (Maximum Retail Price)
2. CCI (Competition Commission of India)
3. E-Commerce
4. Legal metrology
5. Misleading discounting

India's e-commerce industry has grown significantly in recent years, revolutionizing the way people buy everyday items. A subtle but widespread issue, however, is hidden beneath this digital convenience: the inflating of Maximum Retail Prices (MRPs) to provide the appearance of large discounts. Products with exaggerated "list prices" are frequently displayed on online marketplaces, which then claim sharp price reductions during promotions. The so-called discounted prices, ironically, are occasionally more expensive than what physical merchants charge for the same products. Along with distorting fair market competition, this practice poses serious legal issues under the Legal Metrology Act of 2009 and the Legal Metrology (Packaged Commodities) Rules of 2011.

1. The Mirage of Discounting

The psychology of apparent savings is what makes e-commerce sites so successful. Online retailers create the appearance of value by offering products with exaggerated MRPs and then drastically reducing them with significant percentage discounts. According to a 2023 study by CUTS International, "offering discounts on inflated prices deceives consumers by creating a false perception of savings. "The report also called on lawmakers to enforce more stringent regulation of these tactics, pointing out that they deceive customers and compromise the integrity of prices across all retail channels.[654] Comparing online and offline markets highlights the problem. E-commerce platforms, with the use of flexible pricing algorithms, can display inflated MRPs and then lower them to appear generous, whereas physical merchants frequently sell products at or even below their printed MRP. As a result, customers may perceive an online deal as being more expensive than an offline one.

2. Legal Metrology and the Question of Compliance

In order to guarantee measuring uniformity and openness in business dealings, the Legal Metrology Act was passed. Every pre-packaged good meant for retail sale is required to show a single MRP, including

[654] CUTS International, 'Discounts offered on inflated prices on e-commerce must be curbed' (PTI, 28 October 2023) The Economic Times https://www.economictimes.com/tech/technology/discounts-offered-on-inflated-prices-on-ecommerce-must-be-curbed-by-govt-cuts-international/articleshow/104780667.cms accessed 4 October 2025.

all taxes, in accordance with Rule 6 of the Legal Metrology (Packaged Commodities) Rules, 2011.No seller may charge more than what is stated on the packaging after that MRP is printed.[655]

But overcharging is not the only problem in the digital age. The more subtle infraction occurs when intermediaries or manufacturers exaggerate the MRP before providing a "discount." Although the sale price technically stays within the printed MRP, the inflated label compromises the transparency of the statute. According to the Ministry of Consumer Affairs, inflating discounts by manipulating MRPs may result in legal action under the 2019 Consumer Protection Act for deceptive advertising as well as the Legal Metrology framework.[656]

3. Policy Response and Enforcement Challenges

Concern over these pricing anomalies has grown, according to the administration. Following GST rate reduction, Moneycontrol reported in September 2025 that authorities were thinking about using the Legal Metrology Act to stop profiteering and deceptive pricing practices.[657]This action acknowledges a regulatory gap: whereas GST laws guarantee accurate tax computation, they do not control base pricing, allowing businesses to manipulate MRPs and negate consumer-focused tax benefits.

According to Section 36 of the Legal Metrology Act, a first-time offender faces ₹25,000 in fines, while repeat offenders face larger fines and even jail.[658]In order to guarantee that the announced price appropriately represents the state of the market, Rule 18 also requires that MRPs on unsold merchandise be promptly revised and relabelled when price changes take place.[659]However, enforcement is still irregular and frequently depends on customer complaints rather than proactive oversight.

4. Broader Market and Competition Concerns

Beyond metrology, competition law is impacted by the inflated-MRP issue. Researchers have noted that excessive discounting could be a type of predatory pricing, which is a tactic that forgoes immediate profit margins in order to drive away rivals.[660]Prices can be raised by dominant platforms if lesser players leave the market. Although the Competition Commission of India (CCI) has previously examined these deep discounting tactics, it has refrained from enforcing severe sanctions since it acknowledges that aggressive pricing may also provide short-term benefits to customers.[661]However, consistently manipulating MRPs to deceive customers damages credibility and unbalances the market.

5. Legal Implications and the Way Forward

Legally, retailers participating in inflated-MRP discounts risk penalties under the Legal Metrology Act and vulnerability to allegations of unfair trade practices under the Consumer Protection Act, 2019. Consumer fora have already ordered refunds and compensation in cases where retailers charged

[655] Legal Metrology (Packaged Commodities) Rules 2011, r 6.
[656] Ministry of Consumer Affairs, Legal Metrology (Packaged Commodities) Rules Compliance Advisory (2024).
[657] Government may invoke Legal Metrology Act to check profiteering on GST rate cuts', Moneycontrol (30 September 2025) https://www.moneycontrol.com/news/business/economy/government-may-invoke-legal-metrology-act-to-check-profiteering-on-gst-rate-cuts-13590142.html accessed 4 October 2025.
[658] Legal Metrology Act 2009, s 36.
[659] A2Z TaxCorp, 'Practical FAQs on Price Revision under GST 2.0 w.e.f. 22 September 2025' (A2Z TaxCorp, 2025) https://a2ztaxcorp.net/practical-faqs-on-price-revision-under-gst-2-0-w-e-f-22nd-september-2025/ accessed 4 October 2025.
[660] 'Discounts Deeper Than Mariana Trench: Predatory Pricing by Indian E-Commerce Giants', Mondaq (17 January 2020) https://www.mondaq.com/india/antitrust-eu-competition/884554/discounts-deeper-than-mariana-trench-predatory-pricing-by-indian-e-commerce-giants accessed 4 October 2025.
[661] Akanshha Agrawal, 'The Deep Discounting Conundrum' (Kluwer Competition Law Blog, 28 February 2020) https://legalblogs.wolterskluwer.com/competition-blog/the-deep-discounting-conundrum/ accessed 4 October 2025.

beyond printed MRPs or failed to disclose accurate price information.[662] Such verdicts reaffirm that customer deceit — even through the structure of pricing rather than plain overcharging — can attract litigation.

Policymakers should consider strengthening regulatory coordination between the Department of Consumer Affairs and the CCI to address deceptive online pricing practices. A clearer definition of "misleading discounting" under the Legal Metrology framework could provide enforcement agencies with sharper tools to act against MRP inflation. Moreover, requiring platforms to retain historical MRP data and justify price changes could introduce transparency and deter manipulation.

6. Consumer Awareness and Education

Despite the Legal Metrology Act's provisions, many consumers are still ignorant of their rights. Awareness initiatives and instructional drives can equip shoppers to spot inflated MRPs and deceptive discounts. Retailers and online platforms could be mandated to display a clear comparison of offline and online prices for transparency. NGOs and consumer protection organisations also play a crucial role in creating public understanding of pricing fairness. According to the Consumer Guidance Council of India, consumer education initiatives have been shown to significantly reduce incidents of misleading price promotions in online marketplaces.[663]

7. Technological Solutions for Transparency

Tools to identify and stop MRP inflation are provided by technology. Uneven pricing trends can be identified by AI algorithms, and supply chains based on blockchain technology can offer unchangeable pricing records. In order to allow customers and regulators to confirm claims of discounts, platforms could be required or encouraged to establish audit trails for pricing adjustments. The load on government authorities to enforce laws can also be lessened by improved digital monitoring. The NITI Aayog has emphasized how blockchain and artificial intelligence (AI) solutions may improve e-commerce regulatory compliance by offering real-time price monitoring and accountability.[664]

8. International Best Pratices

A number of nations have implemented policies to stop deceptive discounts. The Consumer Protection from Unfair Trading Regulations in the United Kingdom, for example, mandate that online platforms make sure that any price comparison accurately represents the price that customers actually paid over a specified time period.[665]Similarly, exaggerated reference prices are penalized under Australia's Competition and Consumer Act.[666]By examining these frameworks, India can create a unified approach that tackles issues of market competition and consumer protection.

9. Implications for E-Commerce Business Models

[662] Overpricing Beyond MRP Violates Consumer Law: Thrissur Forum Orders Refund and Compensation, IndiaLaw Blog (17 July 2025) https://indialawblog.in/overpricing-beyond-mrp-violates-consumer-law-thrissur-forum-orders-refund/ accessed 4 October 2025.
[663] Consumer Guidance Council of India, 'Consumer Education for Digital Platforms' (2023) https://www.cgcindia.org/consumer-education-digital/ accessed 6 October 2025.
[664] NITI Aayog, 'Leveraging Technology for Consumer Protection in E-Commerce' (2024) https://www.niti.gov.in/e-commerce-consumer-protection/ accessed 6 October 2025.
[665] UK Consumer Protection from Unfair Trading Regulations 2008, SI 2008/1277.
[666] Competition and Consumer Act 2010 (Cth), pt 2-1

Inflating MRPs can have short-term marketing benefits, but it also carries long-term legal and reputational risks. Platforms for online shopping must strike a balance between aggressive discounts, transparency, and compliance. Enterprises that proactively conform to ethical pricing practices and regulatory norms stand to gain greater consumer trust, improve brand loyalty, and reduce the risk of lawsuit.[667]The Consumer Law is violated when prices are higher than MRP.[668]

10. Conclusion

The ease of digital trade must be at the expense of transparency. Inflated MRPs combined with artificial discounts may appear to be clever marketing, but they undermine consumer trust and legal fairness. The essence of the Legal Metrology regime is not only to prevent overcharging, but also to ensure price declaration integrity. Strengthening oversight, tightening labelling rules, and raising consumer awareness are all necessary to ensure that "discounts" in India's online marketplace reflect genuine savings rather than legal loopholes.

[667] Akanshha Agrawal, 'The Deep Discounting Conundrum' (Kluwer Competition Law Blog, 28 February 2020) https://legalblogs.wolterskluwer.com/competition-blog/the-deep-discounting-conundrum/ accessed 4 October 2025
[668] Thrissur Forum Orders Refund and Compensation, IndiaLaw Blog (17 July 2025) https://indialawblog.in/overpricing-beyond-mrp-violates-consumer-law-thrissur-forum-orders-refund/ accessed 4 October 2025