# Directorate of Weights and Measures: Certifies or Crucifies?

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In this paper, I have tried to understand the working and purpose of one of the many, many and many government agencies that the Indian government has, to "help" the common man. The agency that I focus upon is the one that protects the consumer's right to accurate weights and measures.

The authority to regulate weights and measures comes under the concurrent list of the Constitution. Each state has its own Directorate of Weights and Measures headed by a Controller. At the central level we have Director of the Directorate of Weights and Measures.

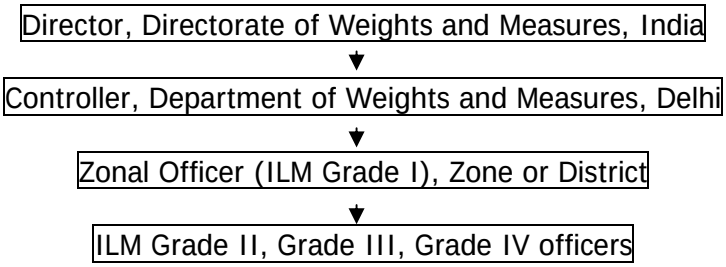
The department has been studied at the state and district level and found inefficient in achieving its purpose. My research has shown that the agency's presence, instead of making life easier for the common man, has ended up doing exactly the opposite as the procedures of licensing, certification and inspection are studied in detail. I reason that free market certification can be a more viable alternative.

The Delhi Directorate has been in existence since 1956. The acts or rules followed in Delhi are as follows (the first five are central acts and the last one is the act of Delhi State):

1. The Standards of Weights & Measures Act, 1956
2. The Standards of Weights & Measures Act, 1976
3. The Standards of Weights & Measures (Packaged Commodities) Rules, 1977
4. The Standards of Weights & Measures (Enforcement) Act, 1985
5. The Standards of Weights & Measures (General) Rules, 1987
6. The Delhi Standards of Weights and Measures (Enforcement),1988

The directorate conducts its functions in Delhi through nine zonal offices. In addition to these, they have two special units; a taximeter unit at Burari and an enforcement unit at Underhill Road near Mori Gate. Each one of these offices is supervised by an ILM (Inspector Legal Metrology) Grade I officer. Besides him, there are ILM Grade II, ILM Grade III and ILM Grade IV officers working under him. All of them are from DASS (Delhi Administrative Subordinate Services). These units report to the Controller of Weights and Measures, Delhi whose office is on Underhill Road. The Controller belongs to DANLS (Delhi, Andaman Nicobar and Lakshwadeep Services). The Delhi Government is the authority concerned with postings, promotions and transfers in the department.

The simplified version of the Byzantine hierarchy of the Directorate of Weights and Measures is shown below:




## Licenses Issued

In India, a government agency is not considered complete without the power of issuing at least one license. Our concerned department is not an exception. There are three kinds of licenses that they issue:

1. For the manufacturer of weights and measures
2. For the dealer of weights and measures
3. For the repairer of weights and measures

## Manufacturing of Weights and Measures

A license is required to manufacture weights and measures in Delhi. A future manufacturer needs to go through the following procedure to function as a licensed manufacturer in Delhi legally.

- One must submit the following documents to the concerned Zonal Officer:
    1. Ration card
    2. Bank account
    3. Papers of the premises where one would be setting up one's manufacturing unit. If it is a rented place, obtain an NOC (No Objection Certificate) from the owner.
    4. List of the employees including their names and addresses. In the list one needs to have at least one engineer unless one himself/herself is one.
    5. A bill showing that all the required equipment has been purchased.
    6. Model Approval Certificate for each type of the weighing apparatus he would be manufacturing.

       The Model Approval Certificate is not required for those manufacturers who were already functioning before 1985. It was after the introduction of the Standards of Weights & Measures (Enforcement) Act, 1985 that this certificate became mandatory. In order to procure it, one has to apply to the Director of the Directorate of Weights and Measures with the detailed description of the intended weighing or measuring apparatus. Tests would be conducted in the Directorate's own laboratory. On the basis of the recommendation of the laboratory, the certificate is issued.
- One would then get a form from the Zonal Officer. The application is filled and is given to the zonal officer along with Rs 500, which is the license fee.
- An inspector would visit the manufacturing site, at his discretion, and certify the site.
- The application would be then sent to the Controller of Weights and Measures, Delhi for his approval along with the on-site inspector's recommendation.
- It would come back to the zonal officer and he can issue a license to the future manufacturer.

The whole procedure usually takes about a month. The license needs to be renewed every year for a fee of Rs 500.

But when it comes to the real world of bureaucracy, it is not this simple for the following reasons. First, the only place where one can obtain a Model Approval Certificate is the Director, Directorate of Weights and Measures, India, which is located in Krishi Bhavan. But this certificate cannot be easily procured even if one has a model which conforms to the standards unless one has enough money to get his way through. Conversation with a couple of manufacturers suggests that the current rates for getting a certificate depend on the intended apparatus and are between Rs 25,000 to Rs 50,000 for each certification.

The mandatory requirement of having an engineer in the establishment is absurd. Most of the manufacturing units in Delhi do not have an engineer in their work force for two simple reasons. First, engaging an engineer is expensive when an equally good skilled laborer is easily and cheaply available. Second, to ensure quality of manufactured weighing or measuring apparatus one needs to know about three things: the sensitivity, stability, and accuracy of the apparatus. A skilled laborer without an engineering degree can also ensure that. Besides, in India where literacy rate is so low, one can easily come across people with skill but no elementary education. Further, it is for the manufacturer to decide if a person can add value to his establishment.

The mandatory requirement of having a bill for equipment also creates difficulty for the honest applicant. The very concept of investing in equipment before one has a license to make use of it is economically unsound. But this is a very sound way of harassing the applicant, since now that he has invested in his proposed unit, he will be more eager to bribe the officials to start operating. This gives a reason to the applicant to be dishonest and produce a fake bill. And with good reasons, I am yet to come across an "honest" manufacturer.

The speed of the transaction depends on the amount one is ready to pay for the "services" of this department. One manufacturer who had applied for a manufacturer license and six model certificates in 1987 received them within three to four months with an overall "ease" money of about Rs 9 lac.

The renewal "fee" is between Rs 2,000-Rs 5,000 depending on the type of apparatus one manufactures. This is the amount that one pays when he is not involved in any kind of corrupt dealings. It is not that a dishonest manufacturer cannot get his license renewed, only that his renewal "fee" would be higher.

We have just 66 licensed manufacturers in the capital. The department admits that there are at least as many illegal manufacturers. Some of them have a dealer's license to operate at a lower cost. Many licensed manufacturers also utilise illegal manufacturers' services as contract manufacturer. Illegal manufacturers work from their houses. The licensed manufacturer buys their products at a much lesser price and sells them as his own.

One major contribution of this department is in increasing the cost of manufacturing. It costs Rs 50 to manufacture a 50 kg cast-iron weight, while the cost of certifying it is Rs 60. So ultimately, the customer pays more than double of the cost of manufacturing.

## Dealing Of Weights and Measures

The procedure for a dealer's license is similar except for the fact that one does not require Model Approval Certificate and an engineer in one's list of employees. The license fee for this is Rs 100. Officially the procedure for licensing cannot take more then 15-20 days.

In my case study, the time period actually required was 3-4 months with an additional investment of Rs 2,000 to Rs 10,000. The amount varies depending on the number of weighing apparatus he would be dealing with.

The license needs to be renewed every year. The dealer maintains a stock register with his concerned zonal office. This is cross-checked and it is also checked that there are no complaints against the dealer before a license is renewed. Though this is to be done officially for Rs 100, unofficially the amount varies between Rs 1,000-Rs 2,000.

The number of licensed dealers in Delhi is 310, which is again an understatement as admitted by the department. The number of illegal dealers is at least 5-6 times more than the licensed ones, according to one of the department's own publications.

## Repairing Of Weights and Measures

For procuring a repairer's license, one has to go through the following procedure.

Go to the concerned zonal office along with these:

1. Ration card
2. Bank account number
3. Experience certificate. This has to be given by a senior repairer.

The application for a license is then forwarded to the Controller for his approval. After that, the zonal officer can issue the license.

The official license fee is Rs 100. Nobody perhaps likes this department better then a repairer. But for this agency, they would be unemployed. To justify this statement, I will describe the process of certification.

## Certification

There are two kinds of certification: on-site certification and off-site certification. Both are required of every weighing or measuring apparatus in the city of Delhi annually. On-site certification is done for two different weighing or measuring apparatuses: petrol pump and weigh bridge. Off-site certification is done for the following weighing apparatuses: cast-iron weights, electronic weighing balances, beam scales, counter scales, personal weighing machines, bullion weights, and platform machines. Recently, they have increased the period for stamping for cast iron weights to two years.

On-site certification requires the zonal officer of the concerned zone to visit the site and inspect and stamp the weights or measures involved. There are 350 petrol pumps and 235 weighbridges in the city of Delhi. For certifying petrol pumps, the dispensing unit is checked. The inspector would ask to pour five litres into his conical flask. An error margin of 15 ml is allowed, as petroleum products tend to evaporate. The stamp consists of tying a lead piece with two wires and then tying this to the four ends of the assembly of the unit. The lead piece has the concerned zonal officer's number and an alphabet signifying the quarter in which it was certified. Needless to say, this kind of stamp can also be self-made.

The process for off-site certification consists of engaging a repairer's services and booking the weights with him. The repairer then examines the weights and repairs them if necessary. The repairer then takes the weights to the zonal office and gets them certified for a fee as determined by the zonal office. For cast-iron weights the stamp consists of a lead piece that contains the zonal officer's number and the alphabet signifying the quarter in which it was certified. The rest of the weighing apparatuses are issued a Verification Certificate.

But again there is much discrepancy between what happens and what is supposed to happen. Usually shopkeepers do not go to a repairer, rather the repairer visits their shops annually without fail. They talk with shopkeepers and vendors posing as government inspectors. In fact, many of the shopkeepers and most of the vendors talk about repairers as being government employees. They assume that just as one cannot avoid taking government's services, they cannot avoid a repairer's services. By mutual agreement, repairers usually do not infringe into each other's territory. By mutual agreement they monopolise the market by limiting the number of new entrants. This is achieved with the help of the Experience

Certificate, since one must have an Experience Certificate issued by an existing repairer to obtain a license.

Given the fact that the market for repairers is monopolised, it should come as no surprise that there are only 181 licensed repairers in Delhi. This is clearly an insufficient number of repairers to serve all of the shops, vendors, and jewelers in the city of Delhi. Hence there is a market for illegal repairers. An illegal repairer is also a pretender, the only difference is that he is not licensed to pretend to be a government official! But an illegal repairer cannot get certified the weights and apparatuses given to him by a business owner. The illegal repairer then has to take the help of a legal repairer to get the weights stamped and in return, promises a certain percentage of his profits to the legal repairer.

Now, returning to my statement that had there not been this department, there would be no employment for the repairer. Imagine the scenario where certification is not forced upon the business owners annually. When an inspection team from the department visits a shop, instead of just checking if the weighing apparatuses are certified or not, they can check on-site as they do with weighing and measuring apparatuses that cannot be brought to the office. The official reason for this not being done is that through this process they give a chance to business owners to rectify their apparatus. But then so is the case with immobile apparatuses. At least, this would remove repairers from the picture and genuinely help the common man.

## Inspection

The above-suggested solution is not feasible for the simple reason that the department does not even undertake inspection with a respectable degree of efficiency. Every zonal office has a staff of inspectors whose main function is to conduct quarterly checks in all of the shops, vendors, and jewelry stores and to see whether these businesses are using stamped weights. In case these businesses are found not to be using stamped weighing machines and cast iron weights, they are *chalaaned* a fine that is forwarded to a two-member special court which is situated in Karkardomma in the trans-Yamuna region.

The first loophole in this process is that there are not enough inspectors to cover all of the business concerns present in Delhi. Out of 46 sanctioned posts of inspectors, just 26, or 52.6% are filled. The inspecting rounds on an average are undertaken twice a year, when they are supposed to take place three times a year. But it in a way is good as these tours are nothing but a harassing squad's visit, with the difference being that one cannot complain against them. During these tours they literally maraud the shops.

My case study for this is A-Z general store. He was *chalaaned* in 1999 for trying to hide the printed price of a packet of pulses. The printed price was Rs 41 and he was selling it at Rs 35 and on one particular packet, 1 of 41 was missing. Under the Standards of Weights & Measures (Packaged Commodities) Rules, 1977 besides other provisions one condition is that no dealer/ wholesaler/ purchaser can sell any item for a price more than the MRP (Maximum Retail Price) mentioned in the packaged commodity. Also, he cannot conceal the MRP. In case of any violation the person can be prosecuted in the court. He was asked to pay Rs 300 on-site off the record. The case was then referred to the court where it took him one and a half-year and the cost of fighting a case to finally end up paying a *chalaan* of Rs 700.

On the basis of my discussions with various business owners and officials involved with the Directorate, I am able to conclude that the department is not effectively doing what it is supposed to do. Every year, the Delhi taxpayer pays Rs 18.56 crore for the operation of the department. But do we really need to?

## So what is the solution? Is it Free Market Certification?

If the basic purpose is to protect the consumer's right to accurate weights and measures, there are better ways of achieving this goal. For instance, we can have free-market certification of weights and measures wherein, we would have private bodies certifying the weights used by businesses. These private bodies would be certifying, for a certain fee, weights and measures and would certainly do a better job than our department, as is the experience of a private body always doing a better job than a government agency for several reasons.

First, private regulation is effective. Even though compliance with private regulation is voluntary, market participants frequently choose to comply without any statutory mandates or government orders. In fact, firms perceive the compliance cost of private regulation as a necessity for survival in the market rather than a burden. For example, take product safety. In the United States, it is almost impossible for a producer of electrical appliances and equipment to claim that its products are safe without the approval of Underwriters Laboratories (UL), an independent third party. Retailers, customers and even insurance agents look for UL approval. UL enforces high standards for product safety without government regulation, benefiting both producers and consumers.

Private regulation has effective enforcement mechanisms. Independent third parties use legally enforceable contracts; sanctions including revoking of approvals, fines, and pulling products off the market; and public announcements. Companies that seek third-party approval also put their reputation, one of their most valuable assets, on the line.

Independent third parties are flexible and responsive. They are open to suggestions by industry members, consumers and consumer groups, academic institutions like universities or other scientific organisations, and even government agencies. As a result of that dynamic relationship, independent third parties closely follow changes and technological advancements to preserve their expert status. They continuously revise their standards or certification procedures.

Private regulation by independent parties also costs less. As opposed to government regulatory agencies, which are run on tax money, independent third parties finance their organisation by collecting from the businesses they regulate. Since the price of privately regulated goods reflect the full cost of regulation, independent third parties are very sensitive to the burden they impose on the consumers. They minimise the costs of running their organisations, and they decrease the costs of their regulatory activities by outsourcing various phases of their regulatory process, like product testing and evaluation. For example, the Green Seal that certifies "environmentally sound" products, uses the Underwriters Laboratories for product testing.

While increasing their own cost effectiveness, independent third parties also lower the compliance costs for businesses. In many instances, third parties provide firms with well-formulated guidelines and firm-specific recommendations, which help firms reduce their compliance costs while meeting the standards. Independent third parties also eliminate heavy paperwork, which significantly reduces the time-cost of regulation.

Indirect cost of private regulation is also minimal. Businesses know the fees and compliance costs of private regulation in advance, and they can fully assess the expected costs and benefits. Firms choose to be regulated since such regulations would help them attract customers.

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- G S Lohani, Zonal Officer, Chandni Chowk, North and Central Zone
- Mahato, Inspector, Central Zone
- Atmaram, Inspector, South Zone
- Patram, Inspector, South-West Zone
- Satyendra Jain, M D, Roshanlal Jain and Company
- Surendra, Repairer
- Ajay, Repairer
- Shopkeepers and vendors of Kailash Colony, Okhla Subzi Mandi, Nehru Place, Chandni Chowk, Aurobindo Market, Mori Gate, and Greater Kailash Enclave.