JAN VISHWAAS ACT: CHARTING A LEGAL SEGUE TOWARDS A TRUST BASED GOVERNANCE

by

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Unwarranted criminalisation is a repellent to business regulations. The country's administration is punitive action-dependant. There are numerous Central Acts where miniscule procedural alleys, missed filings, or technical defaults would land a petty businessman would invite culpability especially in the form of imprisonment. The Jan Vishwas Act 2026, has been passed to change India's regulatory approach from a punitive setup to "trust-based governance." It rests on the earlier Jan Vishwas (Amendment of Provisions) Act, 2023, which had the effect of decriminalising various provisions of the statutes across 42 Central laws. For a number of years it was believed that any compliance to the law can be procured by inducing fear. A simple procedural laxity often brought a criminal sanction. This created an air of confusion and apprehension. With this law it is strived by the legislature to ease out DOING BUSINESS and LIVING IN INDIA.

The Jan Vishwas (Amendment of Provisions) Act, 2023 and the Jan Vishwas(Amendment of Provisions) Act, 2026 are aligned to each other. In fact the Jan Vishwas(Amendment of Provisions) Act, 2026 is nothing but a mere continuation of the effort of the legislature to ease out the regulatory provisions of the various laws.

Like for the small time criminals and for petty offences where no mensrea was generally involved the legislature introduced the punishment of COMMUNITY SERVICE to be in sync with the principles of reformatory approach. On the similar lines this Act has been passed with an aim to decriminalise and rationalise offences to further enhance trust-based governance.

The scale of regulatory criminalisation that these reforms addressed was considerable. A 2023 study by the Observer Research Foundation found that of the 1,536 laws governing business in India, more than half contained imprisonment clauses, and that 37.8 per cent of the 69,233

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compliances businesses were required to follow attached criminal liability, including for minor procedural lapses.[1]

A SEGUE FROM SUSPICION AND DOUBT TO CONFIDENCE AND TRUST:

Initially the common practice in India was to treat even a miniscule procedural disparity as criminal offences. An inadvertent miss of filing deadline, a mistake in filling a form, or a

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petty paperwork anomaly could at times result in making the businessmen criminals and exposing them to criminal penalties and even imprisonment. Majority of these provisions came from older regulatory systems where the businessmen were forced to behave in a particular fashion but the Government now has made the law more businessmen friendly and more practical. Perceiving this the Government has begun the process of reviewing such provisions. The first leap towards this direction was the passage of the the **Jan Vishwas (Amendment of Provisions) Act, 2023**, which aimed at criminal penalties for a number of minor offences across several Central laws. The **Jan Vishwas (Amendment of Provisions) Act, 2026** continues this reform effort. It seeks to further decriminalise of minor violations and supplant them with more civil penalties and administrative mechanisms thereby meaning that court prosecution is not necessary to administer punishments. A central feature of the Jan Vishwas (Amendment of Provisions) Bill, 2026 is the replacement of criminal penalties, particularly imprisonment for minor procedural violations, with graded monetary penalties.[2]

This burden fell with particular severity on micro, small and medium enterprises. Regulatory compliance for an MSME is estimated to cost between Rs 13 and 17 lakh per year, requiring navigation of more than 1,450 regulatory obligations monitored by 59 categories of inspectors, of which 486 carry imprisonment clauses. For enterprises with limited legal resources, the

[1] Observer Research Foundation, 'Jailed for Doing Business: The 26,134 Imprisonment Clauses in India's Business Laws' (ORF, April 2023) <https://www.orfonline.org/research/jailed-for-doing-business> accessed 16 September 2026.
[2] India Today, April-2026, Pg15

threat of criminal prosecution for technical defaults acted as a systemic deterrent to formalisation and growth.[3]

TRUST BASED GOVERNANCE:

The idea behind this action of the legislature is lucent: if you treat every citizen and every business owner like a potential criminal for minor lapses, you don't build compliance — you build fear. And fear-induced compliance may be broken once that fear is eased. The Business people attempt to conceal violations instead of correcting them. Business Empires concentrate on building a strong legal defence instead of growth. Courts get burdened with cases that could have been adjudicated simply by a fine and a form.[4]

Quantitative data from government sources illustrates the scale of the compliance challenge that underpins these reforms. Ministry of Commerce data from December 2025 recorded that Central Ministries, Departments and States/UTs had collectively identified over 47,000 compliances for review through self-identification exercises aimed at reducing regulatory overlap and redundancy. The Jan Vishwas Acts sit within this broader initiative, alongside the rationalisation of more than 39,000 compliances and the decriminalisation of over 3,400 legal provisions across the regulatory system.[5]

Objectives behind the passage of this law:

Basically this Act is a policy makeover and not alone a result of legislative function. It is a well planned conscious effort of the legislature which has the following main tasks:

1) To lessen the load on the Courts and criminal justice systems.

2) To promote the ease of doing business in India.

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[3] 'MSMEs: A Regulatory System Under Strain' (Republic World, 18 May 2026) <https://www.republicworld.com/initiatives/msmes-a-regulatory-system-under-strain-2026-05-18-124777> accessed 16 September 2026.
[4] Jan Vishwas Act 2026: Business Decriminalisation Explained, The Hindu, 7 April,2026
[5] Press Information Bureau, 'Government Initiatives on Ease of Doing Business' (Ministry of Commerce and Industry, Government of India, December 2025) <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2204206> accessed 16 September 2026.

3) To encourage voluntary compliance over co-ercive enforcement.

4) To align India with global best practises in regulatory reforms and business law.[6]

The business atmosphere was always shrouded by fears and confusion, the passage of this law has given a breather to the business class and now they can freely exercise their functions without having the fear of being nailed for the slightest ally on their part.

The Jan Vishwas Act, 2023, and the Jan Vishwas Act 2026:

The **Jan Vishwas (Amendment of Provisions) Act, 2023** had built the foundation of a trust based approach and for setting up a more conducive environment for the businessman.. It is yet to be seen that has the decriminalisation improved the regulatory compliance. This act of the legislature was aimed at fortifying Trust Oriented Governance.

The bill for passage of this law was introduced in the Parliament in 2022 and it finally culminated into a law in 2023. The results of this action were quite encouraging and gave a push to the legislature to further ease down the regulatory framework and a new Jan Vishwas Act was passed in 2026.

Industry response to the Jan Vishwas (Amendment of Provisions) Act, 2023 was broadly favourable. Industry bodies, including the Confederation of Indian Industry, described the decriminalisation of 183 provisions as providing significant relief to businesses that had previously operated under the threat of criminal prosecution for technical defaults. This positive reception, combined with observable improvements in regulatory sentiment, formed a key part of the impetus for the far more expansive reform undertaken through the Jan Vishwas (Amendment of Provisions) Act, 2026.[7]

A FRESH DAWN:

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[6] The Times of India, 10 April,2026

[7] IMPRI Impact and Policy Research Institute, 'Jan Vishwas Bill 2.0, 2025: Envisioning A Business Friendly Future' (IMPRI, April 2025) <https://www.impriindia.com/insights/jan-vishwas-bill-2-0/> accessed 16 September 2026.

The Act rests on the three strong foundation stones-

a) Warning before imposition of penalty

b) theory of Proportionality and Graded Enforcement i.e. the offender is forewarned lest he commits an error punishment will ensue, some sort of balance between the act committed by him and the penalty and

c) last but most importantly the enforcement of laws which will be there in stages.

According to the new Act around 784 provisions in a total of 79 legislations have been amended in an endevour to ameliorate the country's business environment. Piyush Goyal the minister of Commerce and Industry of India said in the parliament that "as per estimates, there are five crore pending court cases relating to minor offences, majority of which should have never gone to the courts."[8]

The reach of the 2026 Act was substantially shaped by the recommendations of the Select Committee of the Lok Sabha, chaired by Member of Parliament Tejasvi Surya. The Committee held 49 sittings involving participating Ministries, external stakeholders and subject-matter experts, submitting its report to the Lok Sabha on 13 March 2026. Its most significant contribution was the recommendation to extend decriminalisation beyond the 16 Central Acts originally proposed in the 2025 Bill to an additional 62 Central Acts, effectively quadrupling the scope of the legislative exercise.[9]

It was further said by the Minister that it is essential that all the pending cases involving minor errors on the part of entrepreneurs should be withdrawn in the light of the Jan Vishwas Act, 2026 as it would have the effect of lessening the burden on the Judiciary. Even the PM

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[8] "Jan Vishwas Bill: Commerce Ministry wants departments to consider withdrawing cases involving minor offences"

The Hindu, 4 April 2026

[9] Press Information Bureau, 'Jan Vishwas (Amendment of Provisions) Bill, 2026 Introduced in Lok Sabha' (Government of India, 27 March 2026) <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2246226> accessed 16 September 2026.

Narendra Modi has hailed the new law as he commented on his official tweeter account with the words,

"A big boost to 'Ease of Living' and 'Ease of Doing Business"[10]

He lauded the new law by saying that it would have effect of replacing the old laws and adoption of this law would involve implementing a more trust based approach which would limit the work of Judiciary by decriminalising the inadvertant faults of the MSMEs'.

The JAN VISHWAS (Amendment of Provisions) Act 2023**:**

This Act was passed in the year 2023 prior to the new law, with the primary aim of promoting the ease based business wherein a little non-compliance would be met with fiscal penalties. The Act comprises merely of four sections. There is a schedule attached to it as per which a total of 42 Acts were amended and the regulation discrepancy was made curable by fines rather than punishments and penalties.

In order to make the Act constructive following main principles will be brought into practice:

(a) Regular and realistic pragmatic revision of fines which are in sync with the offence committed.

(b) appointment of such Officers who will effectively administer the Act.

(c) setting up of such Authorities who can be appealed before.

(d) Cyclic rise in degree of fine and fiscal sanctions.

The Act is a milestone towards reformative approach and serves as an evidence that today's India seeks to develop an environment which is conducive for the enterpreneurs and businessmen.

[10] www.pmindia.gov.in as on 4 August, 2026.

JAN VISHWAS 2.0:

The Jan Viswas Act, 2023 was widely extolled by the business fraternity. The grandiose appreciation of this Act of the Parliament and its success led to the passage of Jan Vishwas 2.0. However, the passage of this Act was not an easy cakewalk. It was introduced earlier in 2025, at that time it was not passed rather it was referred to a Select Committee whose chief was Tejasvi Surya which submitted its report and a new bill was framed and introduced in the Parliament. Ultimately ,The Janvishwas Act 2026 got the assent of the President on 7 April 2026 and was enforced.

The 2026 Bill was introduced in the Lok Sabha on 27 March 2026 by Jitin Prasada, Minister of State for Commerce and Industry, and passed by the Lok Sabha on 1 April 2026 and the Rajya Sabha on 2 April 2026. India's approximately 63 million MSMEs were identified as the primary beneficiaries of the reform, given their limited capacity to absorb the legal costs and reputational consequences associated with criminal prosecution for technical defaults. The legislation received Presidential assent on 7 April 2026 and was notified in the Official Gazette on 8 April 2026.[11]

The Act opens with the words,

“An Act to amend certain enactments for descriminalising and rationalising offences to further enhance trust-based governance for ease of living and doing business.”[12]

It being an Amendment Act is a very small Act, comprising of just Five sections.

Section 1 gives the brief introduction of the Act. Section 2 tells that the Acts which are mentioned in the Schedule appended to the Act shall be amended. Section 3 says that the penal sanctions which are mentioned in the Schedule be increased by 10 percent of the minimum fine which is provided in the Act after an interval of three years. Section 4 says that if this Act has the effect of amending or repealing any previous statute, then this Act’s provisions shall not have any effect to any action which has been previously taken as under that particular Act i.e

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[11] 'Lok Sabha and Rajya Sabha Pass Jan Vishwas Bill 2026' (Tribune India, 2 April 2026) <https://www.tribuneindia.com/news/india/lok-sabha-and-rajya-sabha-pass-jan-vishwas-bill-2026> accessed 16 September 2026.

[12] Objective Clause, *The Janvishwas (Amendment of Provisions) Act,2026.*

release or liberation from any debt, penal sanction . It means that what had been done earlier in any such law would remain as such and will not beinfluenced any way.[13] Section 5 of the enactment says that the Central Government may for the proper and smooth implementation of the Act make any provision in this law which are insync with the already existing ones.[14] The main working section is Section 2 , it says that the Statute shall amend only those Acts which are mentioned in the Schedule I of this Act and only to the extent as has been cited in the Schedule.[15]

Conclusion:

This law is a successor to the JANVISHWAS ACT 2023 which decriminalised 183 provisions mentioned in around 42 central legislations, taking an impetus from the admiration this move of the legislature a part II of such reformative law was brought. The present law is a testimony to the fact that the Indian Government is trying hard to build an environment where faith is there on the businessmen, their actions are not seen with suspicion. Instead of penal sanctions, minor fines are imposed upon the faults of the enterpreneurs.

By this move the legislature has played a double stroke not only it has reduced the workload of the already over taxed judiciary by eradicating the weight of criminal liability and easing regulatory processes, but by it the Government has won the confidence of the investors and young enterpreneurs alike who now will not shrug away from entering into new ventures. This definitely would boost up the economy of the Country.

However it is averred by the Experts that it is not decriminalisation in the real sense all this Act has done is interchanging the imprisonment provisions with fiscal sanctions. Ease of doing business though should be there but at the same time it is essential that consumers are protected from grave violations- the enterpreneurs should not be let go for their deceptive actions against the consumer interests. Furthermore it is essential that while penal sanctions are imposed upon erring business persons it is kept in mind that what is the turnover of such business houses, the extent of their intent, the seriousness of their anamoly. It is also essential that it is measured by

[13] Sec.4 *The Janvishwas (Amendment of Provisions) Act,2026.*

[14] Sec.5, *The Janvishwas (Amendment of Provisions) Act,2026.*

[15] Sec 2, *The Janvishwas (Amendment of Provisions) Act,2026.*

the Regulatory Authorities that what has been the result of this Act , has it actually resulted in mitigation of litigation.

Analysts have also highlighted structural implementation risks arising from the Act's span across 79 Central Acts and 23 ministries. Each ministry is required to issue its own notification and appoint Adjudicating Officers to process civil penalties, and delays at any individual ministry could substantially weaken the reform's practical effect. The ultimate measure of the Jan Vishwas framework will therefore lie not in the breadth of its textual amendments alone but in the consistency and speed with which the necessary institutional machinery is put in place across all participating departments.[16]

The Jan Vishwas (Amendment of Provisions) Act 2026 is a step forward towards modernising justice system which is in unison to the comprehensive postulates of proportionate and risk-based regulation.

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[16] IMPRI Impact and Policy Research Institute, 'Jan Vishwas (Amendment of Provisions) Act, 2026' (IMPRI, July 2026) <https://www.impriindia.com/insights/policy-update/jan-vishwas-amendment-of-provisions-act-2026/> accessed 16 September 2026.