

QCO framework aligned to industry readiness proposed

STRATEGIC SHIFT. Overly narrow transition periods can unintentionally burden MSMEs

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The Economic Survey 2023 has upheld Quality Control Orders (QCOs) as vital tools for mitigating reputational risks linked to inconsistent quality. However, it simultaneously called for a strategic shift to ensure these regulations do not become a burden on MSMEs.

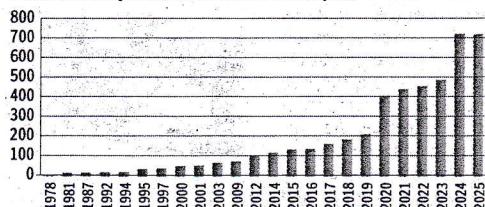
The Survey proposed a 'forward-looking' QCO framework featuring rigorous pre-notification assessments, calibrated transition periods, adequate national testing capacity and a stronger alignment with industry readiness.

"Critically, where sufficient domestic production capacity does not exist, the framework should provide exemptions or alternative pathways for specialised inputs such as raw materials, intermediates, spare parts, and quantities required for R&D," the Survey stated.

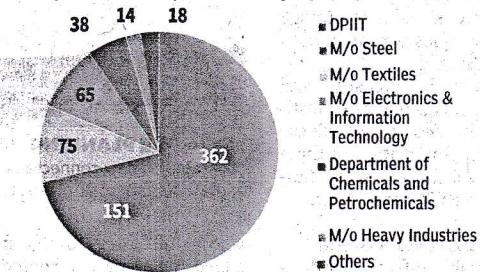
MSMEs often lack the capital to establish in-house testing facilities or adapt quickly to new certification requirements. "Overly narrow transition periods can also lead to production

Growth in terms of number of QCOs and coverage

Products under QCO (as on December 31 of the year)



Ministry-wise number of products under QCOs*



Source: World Bank Data

delays, supply disruptions, and rising inventory costs, unintentionally burdening the firms QCOs are meant to support," it said.

QCOs are regulatory measures issued by the government, primarily under the BIS Act, 2016, to mandate that specific products conform to Indian stand-

ards. They prohibit the import, or domestic sale of sub-standard goods, requiring products to bear the BIS hallmark. The Survey observations are important in the context of recent suggestions made by a panel headed by NITI Aayog member Rajiv Gauba proposing the scrapping of 27 existing QCOs

covering critical industrial inputs such as plastics, polymers, base metals, footwear and electronic components to ease pressure on manufacturers. It also proposed suspending QCOs on 112 products and deferring upcoming orders.

Referring to the decision by the government to revoke or suspend QCOs on several items spanning sectors such as chemicals, plastics, textile, non-ferrous metals and steel following the NITI Aayog report, the Survey said the government recognised the importance of a balanced and adaptive approach.

TOYS SECTOR

The Survey highlighted the toys sector as a QCO success story of introduction of the regulation accompanied by improved compliance and a reduction in the circulation of substandard products.

"Beyond quality, consumer and workplace safety also provide an equally compelling justification for mandatory standards. QCOs on products ranging from electrical appliances to helmets are essential for protecting public welfare and maintaining market confidence," it observed.