

**SUMMARY OF ROUNDTABLE ON
QUALITY CONTROL ORDER (QCO)-
GENESIS, STATUS, PROS AND CONS**

on

11th Dec, 2025

**Organised by Innovative Thought
Forum and Swadeshi Jagran Manch**

LIST OF PARTICIPANTS

Anil Jauhri - Ex CEO, NAB for Certification Bodies, formerly with BIS and EIC, Visiting Fellow RIS for Developing Countries (a MEA think tank) and coauthor of paper on QCOs.

Ajay Shrivastava - Founder, Global Trade Research Initiative

Arun Goyal - Director, Academy of Business Studies, New Delhi; International Expert on WTO and HSN

Dr. Jaijit Bhattacharya - President of Centre for Domestic Economy Policy Research and Policy expert on technology driven industries

Prof Bejon Misra - Foremost expert on consumer awareness and protection, quality movement and patient safety

Dr. Sunil Parekh - Economist; Strategic Advisor, Zydus Cadila & Jubilant Group Chairman, CERC

Padma Shri Dr. V. Prakash - Eminent Scientist; Former Director General, CSIR; Former Director, CFTRI

Anil Sharma - Resource Person, SJM; Expert on International Trade

S B Dangayach – Founder Trustee, Innovative Thought Forum (Convener)

CONTEXT

Quality Control Orders (QCOs) represent a mandatory compliance framework in India, administered by the Bureau of Indian Standards (BIS) in conjunction with government ministries. The primary objective is to ensure specific products meet established Indian standards, promoting consumer safety, product quality, and fair-trade practices.

Key Features:

- Products under QCO must conform to Indian Standards (IS) and bear the BIS quality mark
- Applies to both domestic manufacturing and imports
- Serves as non-tariff measures against substandard imports
- Supports 'Make in India' and 'Atmanirbhar Bharat' initiatives
- Regulatory Process: Line ministries submit requirements to BIS, which conducts due diligence before submitting to WTO. Following WTO approval or tacit observation, QCOs are issued by line ministries and become mandatory nationwide.

CURRENT SITUATION

Recent Developments (2025):

- Over 790 products now under QCO coverage (up from ~70 in 2016)
- Several QCOs for intermediate goods (textiles, chemicals) rescinded in late 2025 due to supply chain disruptions and MSME concerns
- New QCOs scheduled for 2026: furniture (February), primary lead and zinc (April), omnibus machinery (September)

Major Challenges:

- MSME Burden: Smaller enterprises face substantial compliance and testing costs
- Supply Chain Disruptions: Over-regulation of raw materials has caused domestic shortages
- Industry Concerns: Apprehension about potential return to License Raj-era over-regulation
- Confusion: Recent withdrawals and modifications lack clear rationale, creating uncertainty

IMPORTANT POINTS AS DISCUSSED

Innovative Thought Forum (ITF) convened discussions to identify solutions benefiting all stakeholders—MSMEs, BIS, and government.

Core Issues Identified:

Implementation vs. Concept: The problem lies primarily in QCO implementation rather than the

concept itself. Operational challenges should be resolved through operational measures, not wholesale abandonment.

Four Critical Areas:

1. Health, safety, and environmental risk
2. Downstream impact on exports and MSMEs
3. Domestic capacity adequacy
4. Global benchmarking

MSME Perspective: Many small enterprises lack in-house testing facilities, making external testing prohibitively expensive. If raw materials are properly tested and certified, end-product quality concerns would be substantially mitigated.

Export Clarification: Exports do not require QCO compliance. Manufacturers can bypass QCO requirements for imported raw materials used in export production. Claims of negative export impact are therefore inaccurate.

International Pressures: Vigilance needed against dumping of inferior quality materials, particularly from countries with surplus capacities like China. India must resist lobbying efforts that would facilitate low-quality product entry.

Structural Issues:

- **BIS Dual Role:** BIS cannot appropriately serve as both rule-maker and regulator— these functions must be segregated
- **Line Ministry Conflict:** Issuing regulations from line ministries creates conflict of interest, as they must both promote and regulate industries
- **Voluntary vs. Mandatory:** A voluntary certification model has been inappropriately imposed as mandatory, linking regulator income to production and compromising enforcement
- **Technical Expertise Gap:** Regulatory bodies predominantly led by bureaucrats lacking technical expertise rather than domain specialists
- **Vested Interests:** QCO promulgations influenced by individuals with substantial financial stakes in implementation

Non-Tariff Measures: QCOs represent non-tariff measures reflecting government intent to prevent unfair trade practices, not barriers per se.

ANALYSIS

Necessity: QCOs are justified and essential for protecting public health, safety, environment,

and national security. Technical regulations are necessary in critical areas like medical devices.

Global Misalignment: India's QCO ecosystem deviates from global best practices where standards bodies are private, industry-led organizations. Current framework fails to fully comply with WTO requirements, including the Agreement on Technical Barriers to Trade.

Reform Feasibility: Technical revisions are necessary and feasible. Products transacted business-to-business do not require the same scrutiny as business-to-consumer products.

Implementation Failures: The haste, speed, and casual approach to implementation requires correction through scientific and rational processes. Crisis-driven regulatory formation must be abandoned in favour of forward-looking strategies.

Quality Measurement: Standards must be translated into tangible, measurable outcomes that ordinary citizens can understand. QCOs must incorporate evidence-based scientific criteria with mandatory regulatory impact assessments.

CONCLUSIONS

1. QCOs are fundamentally necessary but implementation—not the concept—is problematic
2. India's QCO ecosystem deviates from global best practices and WTO requirements
3. Structural conflicts of interest exist with BIS dual roles and line ministry regulatory functions
4. MSMEs face disproportionate compliance burdens due to lack of affordable testing infrastructure
5. Voluntary certification model inappropriately imposed as mandatory, compromising regulatory effectiveness
6. Technical expertise lacking in regulatory leadership
7. Vested interests have influenced QCO promulgations
8. External pressures from countries seeking to dump inferior materials require vigilance
9. Recent withdrawals have created confusion without systematic approach
10. Balance needed between consumer protection and business facilitation

AY FORWARD

Immediate Actions

1. Independent Commission

Establish expert commission (economists, engineers, domain specialists) to comprehensively review:

- Legal framework and governing law

- Import procedures and implementation mechanisms
- Tariffs, licenses, and anti-dumping measures
- Regulatory impact assessment requirements

2. Structural Reforms

- Segregate BIS rule-making and regulatory functions
- Transfer Section 16 of BIS Act to Consumer Protection Act
- Remove regulatory functions from line ministries to eliminate promotion-regulation conflicts
- Delink regulator income from production volumes

3. Governance Enhancement

- Appoint technically qualified experts to lead regulatory bodies
- Ensure transparent, accountable oversight as mandated by law

4. MSME Relief

- Provide phased implementation timelines
- Establish accessible, affordable testing facilities or subsidize external testing
- Consider differential treatment for B2B vs. B2C products
- Address raw material certification to reduce end-product testing burdens

Medium-Term Strategies

5. Global Alignment

- Adopt best practices from developed economies
- Ensure full WTO compliance
- Differentiate clearly between process and product standards

6. Evidence-Based Regulation

- Implement mandatory regulatory impact assessments
- Incorporate evidence-based scientific criteria
- Translate standards into measurable, citizen-comprehensible outcomes
- Abandon crisis-driven approaches for systematic planning

7. Systematic Implementation

- Develop clear, rational processes for QCO issuance, implementation, and withdrawal
- Address operational delays systematically
- Ensure consistency to reduce industry confusion

Long-Term Vision

8. Balanced Protection

- Maintain vigilance against dumping while avoiding unnecessary harassment
- Strike pragmatic balance between consumer protection and business facilitation

9. Stakeholder Engagement

- Organize MSME representation for systematic grievance redressal
- Address vested interests transparently

10. National Interest Priority

- Resist external pressures to dismantle beneficial measures
- Evaluate each QCO on its merits
- Prevent substandard goods influx while avoiding License Raj-era over-regulation.

SB Dangayach

Founder Trustee, Innovative Thought Forum

www.itf-india.com

sbdangayach@gmail.com

+919998822680



Innovative
Thought
Forum