Elevating manufacturing to global standards

Booster shot. With the govt adopting an omnibus regulation, which consolidates diverse technical, quality and safety requirements, industry should be able to excel globally

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We are all aware that India's manufacturing sector holds immense potential to become a cornerstone of the global economy. As one of the fastest-growing large economies in the world, India has the capacity to emerge as a global hub for manufacturing excellence, thereby creating jobs and enhancing exports. India's favourable demographic profile, ambitious economic goals and the government's vision to raise the manufacturing sector's GDP share to 25 per cent from about 15 per cent — exemplified by the 'Zero Defect, Zero Effect' initiative launched nine years ago — reflects a strong commitment to quality, sustainability and self-reliance in manufacturing.

In order to achieve these bold goals, it is imperative that the sector meets the challenges of international quality and safety standards, else it will limit its competitiveness in global

markets. Therefore, to ensure that any gaps in meeting international standards are bridged, India's adoption of the Omnibus Technical Regulation (OTR) offers a transformative opportunity to streamline regulatory frameworks, make certain product compliance with global standards and enhance the manufacturing sector's seamless participation in global value chains.

The first technical committee, MED-01 (Boilers & Pressure Vessels) under the Mechanical Engineering Division, Bureau of Industrial Standards (BIS), developed IS 655 (Air Ducts specification) as its inaugural standard, covering essential capital goods. As of now, this committee has developed 1,300 standards to ensure a robust quality ecosystem.

Recognising the mandate to align products with standards and protect the domestic market from various geopolitical shifts, the Ministry of Heavy Industry (MHI) notified the OTR in August 2024. The OTR order, in which the term 'omnibus' signifies coverage of a broad range of products, encompasses over 400 products aligned with 90 specific standards that regulate the safety of machinery and electrical equipment. Also, the BIS is the designated agency responsible for implementing the OTR order, one year after its notification by the Government.

Further, Quality Control Orders (QCOs) are issued by the Government to guarantee that if imported, the Indian consumers gets high-quality products only.

By 2014, India had implemented only 14 QCOs covering 106 products, while having to contend with a considerable trade deficit, often due to unfair trade practices. This affected both the consumer and the domestic industry adversely. Recognising this fact, based on feedback from stakeholders and verifying with data available, the Government has since introduced over 170 QCOs, covering 732 products.

These QCOs have had positive impact. For example, 90 per cent of jewellery purchases are hallmarked, involving over 4 lakh articles across 343 districts. A hallmark is an official mark that indicates the purity and content of precious metals in jewellery. In India, the BIS regulates and certifies gold and silver hallmarking. The sector has witnessed a 15 per cent increase in exports, enhanced employment and created awareness amongst sellers and buyers alike, resulting in standardised buy-back and market values for gold ornaments.

Another standout example is the toy sector. QCOs have led to an over 50 per cent decline in imports from 2015 to 2023, enforcing quality and regulating the industry. The Government not only issues QCOs, but also addresses market grievances, reflecting concerns through amendments.

It is therefore evident that QCOs and the OTR are intended to strengthen Indian industry, equip it to excel and compete globally.

The BIS has also played a crucial role in implementing QCOs across various sectors, illustrating how regulatory frameworks can elevate manufacturing standards.

QCOs, therefore, provide a successful model for the OTR, proving that regulatory frameworks can yield substantial advancements in product quality and consumer safety, when applied with stakeholder concerns backed by data.

Advantages of OTR

The OTR, being a comprehensive regulatory framework designed to unify and streamline technical standards across industries, consolidates diverse technical regulations, quality norms and safety requirements into a single, cohesive structure. The advantages therefore are significant:

Compliance with technical regulations: This is essential to ensure products are safe, reliable and environmentally friendly. These regulations set mandatory requirements that products must meet and are enforced by governments to protect consumers and industries.

Enhancing product quality: Technical regulations help improve product quality by enforcing design standards, quality assurance processes and clear labelling. They ensure that products are durable, safe and meet environmental standards, boosting consumer confidence and satisfaction.

Reducing second-hand imports: Technical regulations discourage the import of second-hand products by enforcing stringent safety standards and certification requirements. Second-hand goods often fail to meet these standards, reducing their appeal and market viability.

Preventing industrial accidents: Technical regulations also play a key role in preventing industrial accidents. By requiring regular inspections, maintenance, risk assessments, and emergency plans, industries are better prepared to identify hazards and mitigate risks, ensuring a safer workplace.

OTRs enhance market access particularly where stringent standards are the norm, increase investor confidence, reduce trade barriers, support SMEs by offering a standardised framework, enhance quality and innovation and emphasise environment sustainability.

There are challenges of course in their implementation because of lack of awareness, initial costs that may deter SMEs, inadequate capacities of testing bodies and a general resistance to change. However, with success stories already visible, increased stakeholder engagement, a calibrated phased implementation and leverage of digital technology to reduce delays, implementation challenges can be overcome.

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