

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO.1912
TO BE ANSWERED ON 11.12.2025

IMPLEMENTATION OF QUALITY CONTROL ORDERS

1912. SHRI MATHESWARAN V S:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether the Government has considered phase-wise implementation of Quality Control Orders, exemptions for micro and small enterprises or simplified standards and relaxed compliance requirements for MSMEs to ensure that the implementation of QCOs does not disrupt domestic production and if so, the details thereof;
- (b) the details of the measures undertaken to streamline and rationalize interest rates charged to micro and small enterprises being a priority sector by banks and NBFCs;
- (c) whether data is available on interest on the interest rate spread and pricing practices followed by private financiers and NBFCs particularly for micro and small enterprises and if so, the details thereof; and
- (d) the steps taken or proposed by the Government to reduce high-cost private financing dependence among micro and small units and promote access to affordable formal credit?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SUSHRI SHOBHA KARANDLAJE)

(a): The Government of India through Bureau of Indian Standards (BIS), Department of Consumer Affairs, Ministry of Consumers Affairs, Food & Public Distribution implements, phase-wise, Quality Control Orders (QCOs) issued by the line Ministries with exemptions/relaxations for MSMEs, to ensure that Quality Control Orders (QCOs) do not disrupt domestic production. Some of the key relaxations and exemptions are as below:

- Additional time for Micro and Small Enterprises (MSEs): 6-month extension for micro enterprises and 3-month extension for small enterprises.
- Exemption for imports by domestic manufacturers for producing export-oriented products.
- Exemption for import of up to 200 units for Research & Development purposes.
- Provision for clearance of legacy stock (manufactured or imported before implementation) within six months from the effective date.

The Bureau of Indian Standards (BIS) has informed that based on the feedback on certification processes, BIS has implemented the following financial and technical relaxations to MSME sector:

- To support MSMEs, financial incentives are provided by BIS in annual minimum marking fee with concession of 80% (for Micro Enterprises), 50% (Small enterprises) and 20% (Medium Enterprises). An additional concession of 10% is also provided to enterprises which are either located in north-east areas or women entrepreneur MSME units.

- The requirement of maintaining in-house laboratory has been made optional for MSME units. MSME units are allowed to utilize the services of outside BIS recognized laboratories, NABL accredited labs or even sharing of resources like cluster based labs or laboratories of other manufacturing units. The 'Levels of Control' in the Scheme of Inspection and Testing (SIT) are made recommendatory in nature. The manufacturer has the choice to define their own control unit/batch/lot and their own Levels of Control and inform the BIS.
- BIS has also made the product certification process guidelines publicly available on the BIS website. BIS also issuing product-wise manuals as guidance documents for conformity assessment as per various Indian Standards.

(b) to (d): As per the information provided by Reserve Bank of India, with a view to improve monetary policy transmission, banks have been advised by Reserve Bank of India to link loans to MSMEs to an external benchmark. The reset clause for loans has been reduced to three months under the external benchmark system. Further, to make the benefit of external benchmark-based interest regime available to the existing borrowers, banks have been advised to provide a switchover option as per mutually agreed terms. Further, RBI also taken various other measures for improving credit flow to the MSME sector: some of them are as under:

- The government has announced Mutual Credit Guarantee Scheme for MSMEs (MCGS-MSME), a government-backed initiative designed to help Micro, Small, and Medium Enterprises (MSMEs) access loans to grow their businesses. This scheme offers a credit guarantee, making it easier for MSMEs to obtain loans, especially for purchasing essential equipment and machinery. The Scheme provides credit guarantee cover to lenders (Scheduled Commercial Banks, All India Financial Institutions, NBFCs) for their term loans up to Rs.100 crore to MSMEs for their projects involving purchase of equipment/machinery.
- Specific targets for lending to MSME sector have been prescribed in Priority Sector guidelines.
- Schedule Commercial Banks have been mandated not to accept collateral security in the case of loans up to ₹10 lakh extended to units in the MSE sector.
- Computation of working capital requirements of MSE units to be minimum 20% of the projected annual turnover for borrow limits up to ₹5 crore.
