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TRADE AND PRODUCT REGULATORY ALERT

July 07, 2026

Government notifies Transition
Facilitation QCO under BIS and its
operational guidelines

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The Government through Department for Promotion of Industry and Internal Trade ('DPIIT') has recently issued the Transition Facilitation (Quality Control) Order, 2026 dated June 25, 2026 ('Transition QCO') along with its operational guidelines.

This QCO establishes an alternative, risk-based facilitation framework for specific product categories requiring mandatory certification under Scheme-I of the BIS (Conformity Assessment) Regulation, 2018 ('Conformity Assessment Regulations').

The key highlights of the Transition QCO and its operational guidelines are discussed below:

A. Applicable period of Transition QCO: June 25, 2026, to June 25, 2031

B. Product coverage

- Toys
- Footwear (Leather, Rubber & all polymeric material, and Personal Protective Equipment)
- Air Conditioners and its related parts, Hermetic Compressors, and Temperature Sensing Controls
- Household and Commercial Electrical Appliances (including domestic water heaters and clothes washing machines)
- Furniture
- Hinges

(The Transition QCO has listed the corresponding Quality Control Orders of above listed products in its Schedule)

C. Certification requirement: The Transition QCO permits manufacturers supplying to a DPIIT-permitted Indian company to obtain a BIS licence under Scheme-II, instead of the usual Scheme-I route for the covered QCOs.

D. Application modalities:

- **Applicant for DPIIT permission:** A company incorporated under the Companies Act, 2013
- **Administrator:**
 - **For risk assessment:** Implementation Committee comprising of 8 members with representatives from DPIIT, Department of Consumer Affairs, Department of Commerce, DGFT, BIS and any appointed representative from line ministry
 - **For final approval:** The recommendations of the Implementation Committee will be submitted for approval of Hon'ble Union Minister of Commerce and Industry
- **Key assessment criterion:**
 - Technical capability
 - Demonstrated experience
 - Manner of ensuring quality assurance across its supply chain

- History of conduct and compliance integrity
- Commitment to establish supply chain capabilities in India for the concerned goods and articles
- Compliance for the concerned Quality Control Order for a continuous period of three years without any default
- Any other relevant factors
- **Consequences of Default:** Breach of conditions, misrepresentation of material facts or product failure during market surveillance may lead to suspension/ withdrawal/ modification of permission. The final action would be undertaken post an opportunity to be heard
- **Time limit for filing application for permission:** Acceptance of applications will be within 24 months from date of commencement of Transition QCO i.e. till June 25, 2028

E. Key operational guidelines

- **Mode of application:** Submission of prescribed application form along with supporting document on online portal or offline (till online functionality is not enabled)
- **Key details to be submitted for assessment:**
 - Company credentials: Name, address, CIN, IEC, authorized person details etc.
 - Eligibility requirement:
 - Commitment gateway (any one mandatory):
 - i. develop supply chain capability through itself
 - ii. develop supply chain capability through Contract manufacturing Agreement
 - iii. Successful Quality Control Order implementation for 3 years
 - Promotion pillar (mandatory in case Commitment (i) or (ii) selected):
 - i. Technology adoption/ advancement
 - ii. Design
 - iii. Research and development
 - Product and supply chain data including Tariff Codes, annual quantity, relevant manufacturers etc.
 - Details of Parent/ Holding/ Group Company whose credentials have been used for qualifying the eligibility criteria under the Order (as applicable)
 - Supporting documentation (as applicable) for establishing eligibility
 - Project execution details including details of manufacturers, facilities, plan for fulfilling eligibility and promotion commitments, investment breakup, timelines etc.
- **Final permission:**
 - Issue of permission letter with prescribed conditions
 - The permission letter may specify the products covered, the quantity limits, the validity period, the milestones, details of the manufacturer(s) and the reporting requirements, etc.
 - The supply of permitted goods shall be subject to provisions of the Foreign Trade Policy, and FDI Policy
- **Compliances:**
 - **Annual:** Submission of a certified compliance report verified by a practicing Chartered Accountant, outlining milestone progress within 60 days from the end of each year, reckoned from the date of undertaking/ permission as applicable.
 - **Quarterly:** Mandatory filing of consignment details and declarations regarding the grant of the BIS license on the designated portal

The Transition QCO introduces a policy shift in India's quality control framework by creating a risk-based facilitation mechanism for products that are otherwise subject to mandatory certification under Scheme-I of the BIS (Conformity Assessment) Regulations, 2018. Subject to approval under the prescribed framework, it enables manufacturers supplying to eligible Indian companies to obtain certification under Scheme-II, which is generally regarded as a simpler and less inspection-intensive certification route compared to the conventional Scheme-I process. Consequently, the framework has the potential to reduce certification timelines and facilitate faster market access while maintaining compliance with IS.

The framework is intended to support companies making long-term commitments towards manufacturing, technology adoption, design capabilities and supply chain development in India. At the same time, it preserves regulatory oversight through a risk-based approval process, defined milestones, periodic reporting and continued market surveillance.

While the framework is now in place, its practical effectiveness will depend on implementation. The processing timelines, consistency of the risk assessment, coordination between DPIIT and BIS, and the operationalisation of the monitoring mechanism will determine the extent to which it delivers the intended ease of doing business benefits.

Businesses operating in the covered product categories should assess their eligibility under the framework and, where appropriate, begin collating the requisite technical documentation, investment plans and Board approvals to utilise the 24-month application window.

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