



## The curious case of CRO standards in the ICT sector<sup>1</sup>

### Introduction

Quality Standards and Accreditations<sup>2</sup> for Electronics and Information, Communications & Technology (ICT) products have been in existence globally to ensure safety of consumers.<sup>3</sup> Technology adoption has propelled the massive demand for such products that have improved productivity and livelihoods of consumers globally. India has been no different to this phenomena, with electronic items being the third-most valued category of imports after petroleum products and gold. In April 2017, electronic imports clocked \$4.4 billion, briefly outpacing gold imports of \$3.8 billion for the first time in recent history<sup>4</sup>.

India's policymakers and decision makers understand the true potential of electronics sector and have given the domestic industry must-required thrust and impetus in their flagship programmes, Make in India<sup>5</sup> and Digital India<sup>6</sup>. These initiatives are intended to make India a global manufacturing destination for the electronics industry.

While there is consistent effort to balance both the demand and supply side of the electronics value chain, it has become critical for India to ensure that consumers are not exposed to electronic products of sub-standard quality and counterfeit nature. In light of these rapid developments, the Ministry of Electronics & Information Technology (MeitY) devised its own set of quality standards – Compulsory Registration Order (CRO) Standards – in 2012 to govern all electronics and ICT products manufactured or sold within India.

### What is CRO?

Also known as Compulsory Registration Scheme (CRS), the CRO Standards Order states that no person shall manufacture or store for sale, import, sell or distribute any electronic or ICT goods which do not conform to the Indian standard specified in the order.

MeitY had notified “Electronics and Information Technology Goods (Requirement for Compulsory Registration) Order, 2012” on October 03, 2012<sup>7</sup> for fifteen categories of electronics items. As on date, 44 product categories<sup>8</sup> are notified by MeitY under this order. This was subsequent to a notification in August 2017 pursuant to which 13 electronic items, including smart watches and CCTV cameras, were added to the list, which means these will now have to meet standards as notified and companies will not be allowed to import or sell any non-compliant product in the country.<sup>9</sup>

Operated under Chapter IVA of Bureau of Indian Standards (BIS) Rules 1987, CRO applies to both domestic and international electronic/ICT manufacturing organizations, where international manufacturers are required to have a local representative in India who will be responsible for distribution of products in the consumer market. Under these standards, all products are tested for safety as per the applicable IS standard.

## Who are the stakeholders?

**MeitY:** Responsible for issuing notifications and guidelines under CRO Rules to cover Electronic/IT goods sold in India and assigning market surveillance responsibilities to collection agencies.

**BIS:** Responsible for initial registrations and renewals of products, along with recognising laboratories to carry out testing and verification processes on Electronic/IT goods.

**Manufacturer:** Electronic/IT product manufacturers are responsible to adhere to these quality standards and are mandated by CRO to follow rules and processes.

**Collection Agencies:** Responsible for market surveillance activities, these agencies are authorised by MeitY to collect samples from market and send them to testing laboratories.

**Testing Laboratories:** These labs are responsible to run standard tests and verify the samples as per rules defined in the CRO for that specific product.

## How are the CRO Standards currently implemented?

- Industry submits a product to a BIS-recognised laboratory<sup>10</sup> for testing. On meeting requisite standards, BIS grants a unique registration number (URN).
- The standard number shall be followed by its year of publication separated with a ‘:’ colon. For example, “Self Declaration-Conforming to IS 13252:2010” followed by URN.
- Each registration is valid for two years and gets renewed merely on request, if no adverse issues come up during the period of registration.
- Since electronic products have large number of versions with minor changes of configurations, series approval<sup>11</sup> of products is also provided. Different configurations falling within same series may be approved based on testing of representative sample from the series. Guidelines for series approval are available on the website of MeitY.
- To make this program robust, Market Surveillance has been designed to ensure compliance. MeitY’s authorised representatives will pick the product from the market and send it to designated lab for testing and verification.<sup>12</sup>



## What is the general registration process?<sup>13</sup>

Step 1 - Manufacturer determines applicability of the Order on relevant products manufactured/ imported/traded by referring to the 'schedule' list as per the updated CRO Standards notification.

Step 2 - Manufacturer selects a BIS-recognized lab to submit the product for testing.

Step 3 - Manufacturer approaches the selected lab to complete all paper work such as submission of Service Request Form (SRF), samples, technical documentation etc. and obtain Probable Date of Completion (PDC) from the lab.

Step 4 - Manufacturers collects the report on completion of test and ensures that the test report is duly complete in all respects.

Step 5 - Manufacturers submits the test report and other required documents to the BIS for registration.

## How do the CRO Standards benefit the Indian Electronics/ICT Ecosystem?

Provide Indian consumers with the right to enjoy world class goods.

Upgrade the quality of domestic products to instil Global competitiveness.

Develop strategy to stop dumping of non-compliant and counterfeit goods.

Save business interest of entrepreneurs for effective negotiation at International trade agreements, Bilateral and Multilateral trade agreements

Projecting a positive image of India at the global stage with quality production of Electronics & IT goods

## What are the implementation issues in CRO Standards?<sup>14</sup>

1. Registration Timelines are vaguely defined and not adhered to, causing delays in product launches.<sup>15</sup>
2. No visibility on progress of registration file, leading to ambiguity and dependence on follow-ups.
3. The registration process is not paperless, leading to need of in-person submission and waste of time.
4. Lack of transparency in the market surveillance process, leading to uncertainty on which product is to be considered for surveillance. The process, in its current format, targets only registered products and companies that sell quality products,

creating a loophole for counterfeit sellers and products.

5. High compliance cost of IT products as samples are required for surveillance purpose, along with high fees to paid to testing laboratory.
6. Some of the recognised labs are non-trustworthy as it is easier to attain a test certificate without even going through the testing process.

## Are there any possible solutions to these issues?

Regulatory instruments such as CRO Standards have widespread impacts, and affect multiple stakeholder groups in different ways. A sub-optimal regulation has the potential to increase the cost of administration and compliance, have unintended outcomes and limits the likelihood of achievement of its objectives. The above-mentioned implementation issues are projecting significant limitations of CRO Standards. Therefore, it is of paramount importance to understand its impacts, proposed or in operation, to achieve favourable outcomes of protecting national sovereignty and offer high quality electronic/ICT products to Indian consumers.

**Regulatory Impact Assessment (RIA)** is a process of systematically identifying and assessing direct and indirect impacts of regulatory proposals

and existing regulations, using consistent analytical methods. It involves a participatory approach via public consultation to assess such impact, determination of costs and benefits, and selection the most appropriate regulatory alternative. RIA is a framework to assess costs and benefits of regulatory provisions on different stakeholder groups. It helps in designing, comparing and selecting alternatives to regulatory provisions for achievement of regulatory objectives at lesser costs or which could deliver greater benefits.

CUTS International has significant experience in conducting RIAs across sectors.<sup>16</sup> Concerns with respect to delay in registration under the CRO Standards are similar to concerns related to delays in obtaining approvals under environment and forest legislations. A RIA study by CUTS International estimated that delay in grant of environment clearance by one day led to notional loss of revenue of Rs 5.19 crores and significant cost overruns for the power producer. Delay in grant of forest clearance result in delay of commissioning of power plants. Notional revenue loss on an hourly basis only to delay in commissioning was estimated to be around INR2 lakhs. Due to the delay in electricity generation, the state had to procure electricity from other states, thereby increasing the cost of access to electricity for consumers.<sup>17</sup> Studies of similar nature could be conducted to highlight the costs on different stakeholders of the sub-optimal regulatory governance and push for requisite reforms.

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## Endnotes

- 1 Rahul Singh, Policy Analyst, CUTS International
- 2 CE Marking Standard in European Union is accessible at <<https://goo.gl/k4kyiV>>
- 3 'A Guide to United States Electrical and Electronic Equipment Compliance Requirements' document is accessible at <<https://goo.gl/rA7JbK>>
- 4 Livemint Story - Are electronic imports the new gold for the Indian economy? - published on May 18, 2017 is accessible at <<https://goo.gl/6A9Vre>>
- 5 Make in India – Electronic Systems Sector – details are accessible at <<https://goo.gl/kS41cx>>
- 6 Digital India – Electronics Manufacturing – Programme Pillar details are accessible at <<https://goo.gl/fDmYGH>>
- 7 MeitY Gazette Notification on Electronics and Information Technology Goods (Requirement for Compulsory Registration) Order, 2012 is accessible at <<https://goo.gl/W7fdYn>>

- 8 MeitY Gazette Notification on List Expansion under CRO Phase 3 <<https://goo.gl/j6VmrT>> and [http://meity.gov.in/writereaddata/files/phase\\_3\\_notification.pdf](http://meity.gov.in/writereaddata/files/phase_3_notification.pdf)
- 9 Recently, the date of implementation of the August 2017 order was postponed from February 2018 to May 2018. See, <http://meity.gov.in/writereaddata/files/cro%20extension%20phase%203.pdf>
- 10 List of Testing Labs recognised by BIS are accessible at <<https://goo.gl/SzRqZq>>
- 11 MeitY Guidelines for series approval of products for implementation under CRO are accessible at <<https://goo.gl/YTsg8c>>
- 12 Pursuant to a notification dated 05 March 2018, it was specified that the samples of notified goods shall be picked up for surveillance from any location within the country. In addition, the location and product to be picked up for surveillance shall be selected randomly. The notification is available at [http://meity.gov.in/writereaddata/files/Amendment%20Order\\_2018.pdf](http://meity.gov.in/writereaddata/files/Amendment%20Order_2018.pdf). It has also been specified that: “Number of samples selected for testing from a series shall be one for every ten models in the series.....For Item No. 3237, a series may consist of upto 20 models”. See, [http://meity.gov.in/writereaddata/files/Series\\_Guidelines\\_CRO\\_Phase%20III\\_Revision\\_03.pdf](http://meity.gov.in/writereaddata/files/Series_Guidelines_CRO_Phase%20III_Revision_03.pdf)
- 13 Registration Process under CRO Standards is accessible at <<https://goo.gl/3F45WP>>
- 14 Inputs from Manufacturing Association of Information Technology (MAIT)
- 15 Rozelle Laha, *Smartwatches, CCTV cameras come under government scanner over quality standards*, Live Mint, 18 September 2017, notes, “Companies are still struggling with delays in the CRO approval process resulting from bottlenecks at test labs...With India’s labs lacking the capacity to perform testing of this magnitude in a timely manner, there will be further delays in getting these essential products approved and into the hands of consumers...meeting product launch timelines, as with all aspects of doing business, depends on having predictable and certain regulatory processes in the markets in which you sell”. For details, see <https://www.livemint.com/Politics/8qjq486YEFsngSxEaeYJbJ/Smartwatches-CCTV-cameras-come-under-government-scanner-ove.html>
- 16 CUTS CCIER work on RIA is accessible at <<https://goo.gl/jpXqnk>>
- 17 CUTS report on RIA in electricity generation sector is available at [http://www.cuts-ccier.org/ADB-RIA/pdf/Regulatory\\_Impact\\_Assessment\\_in\\_Indian\\_Electricity\\_Generation\\_Sector.pdf](http://www.cuts-ccier.org/ADB-RIA/pdf/Regulatory_Impact_Assessment_in_Indian_Electricity_Generation_Sector.pdf)