Government to curb sub-standard steel imports

Why in news?

The Ministry of Steel is piloting a proposal to slap quality control regulations on tinplate and tin-free steel.

What is the proposal?

- The proposal, which would mandate **domestic and foreign suppliers** of tinplate and tin-free steel products to adhere to Indian quality standards **(BIS).**
- Both **domestic and foreign suppliers** need to bear the **BIS mark**.

What is the need of the proposal?

- **Quality -** The move is to reduce "unnecessary'' and "sub-standard" imports of steel products and boost exports in order to address the problem of under-utilized capacity in the steel sector.
- **Domestic Industry -** The move comes in the wake of a strong push from the domestic steel industry.
- New capacity being set up by the domestic industry that is to come on stream shortly.
- The manufacturers like Tata-owned Tinplate Company of India (TCIL), O.P Jindal group's JSW Vallabh Tinplate Pvt (VTPL) and Parikh Group of Companies's GPT Steel Industries (GPT) together have a capacity of 660,000 tonnes.

What is the concern of MSME sector?

- **Non-Tariff Barrier -** Mandating foreign tinplate suppliers to adhere to **BIS standards** could **discourage** them from supplying to India making the move a non-tariff barrier.
- Auto industry sources said there was no incentives for the foreign steel makers to get BIS certification as volumes are low in India.
- **Lack of Domestic Industries -** High grade steel, which is used for meeting safety standards among others, is not manufactured here.
- These are imported from abroad as there is no economy of scale to manufacture these in India.
- Also, at present there are only few domestic manufacturers of these products

are able to supply to these MSMEs at reasonable rates.

- So it may hit a “large” number of **Micro, small and medium enterprises** involved in making products using tinplate steel — sheets of steel coated with a thin layer of tin that have specialized use in consumer products like cans, hair clip, pen.
- The idea is to restrict imports, but it would be a huge problem for the industry because it is already more expensive than other materials like plastic and paper packaging materials.
- So this order will make MSMEs material more expensive and it may lead to Job loss.

What needs to be done?

- The Ministry of Steel may have to consider, giving MSME an “appropriate staging period” so that businesses in India get due time to prepare themselves.
- The ministry may have to ensure that the few domestic manufacturers of these products are able to supply to these MSMEs at reasonable rates.

Quick Facts

BIS

- **BIS** is the **National Standard Body** of India.
- It is established under the aegis of the **Ministry of Consumer Affairs, Food & Public Distribution**. It is established by the **Bureau of Indian Standards Act, 1986**
- The **major functions** of the Bureau are the formulation, recognition and promotion of the Indian Standards.
- Its headquarters are in New Delhi.
- It **represents India** in the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC) and the World Standards Service Network (WSSN).
- According’s to Bureau of Indian Standards, steels can be designated either based on letter symbols {IS: 1962 (Part I)—1974} or based on numerals {IS: 1962 (Part II)}.

Source: Indian Express



SHANKAR
IAS PARLIAMENT
Information is Empowering