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***METALOGIC -Conference on Indian Steel Quality Standards***

***12<sup>th</sup> July 2019***

***Adoption of Mandatory Quality Control Order -  
Quality from customer's & producers perspective***



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- ✓ **TBT A Myth?**
- ✓ ***Need for Mandatory Steel Quality Control***
- ✓ ***User's/Stake Holder's Perspective***
- ✓ ***Challenges***
- ✓ ***Way Forward***

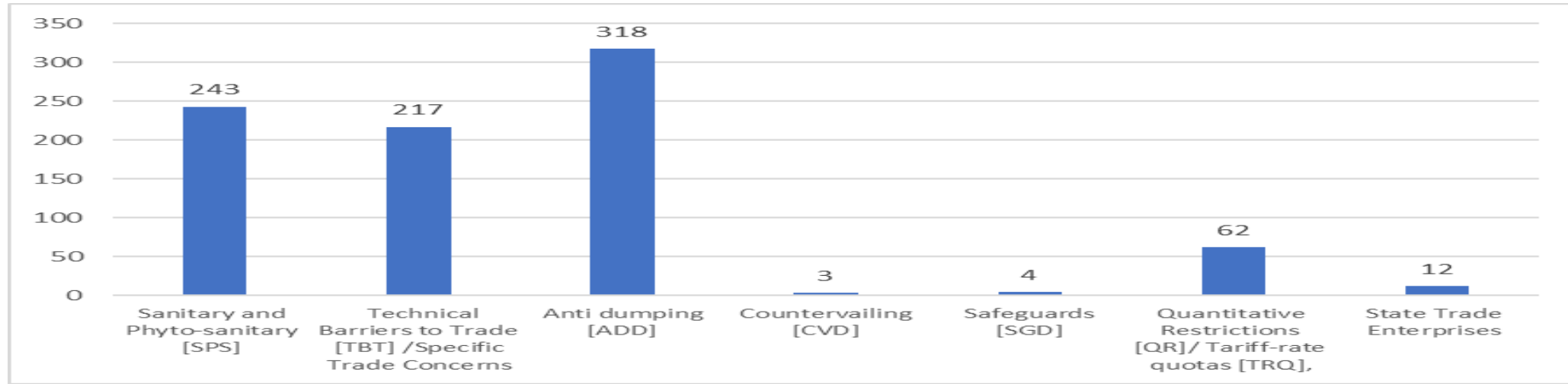


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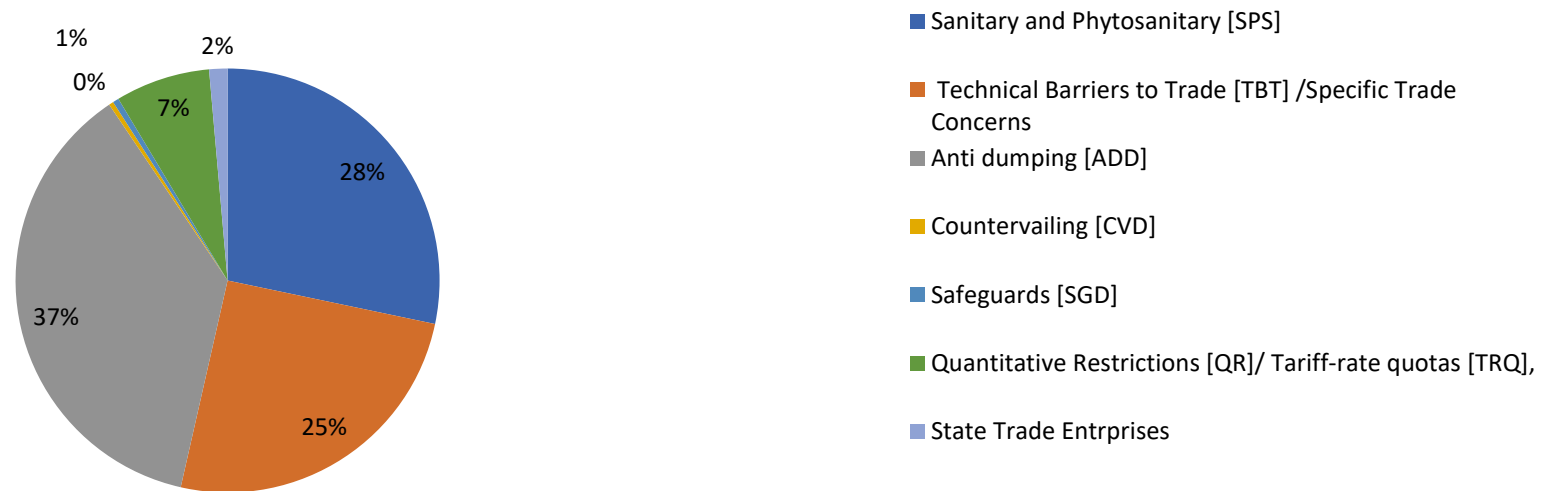
*TBT A Myth*

# The Myth About TBT

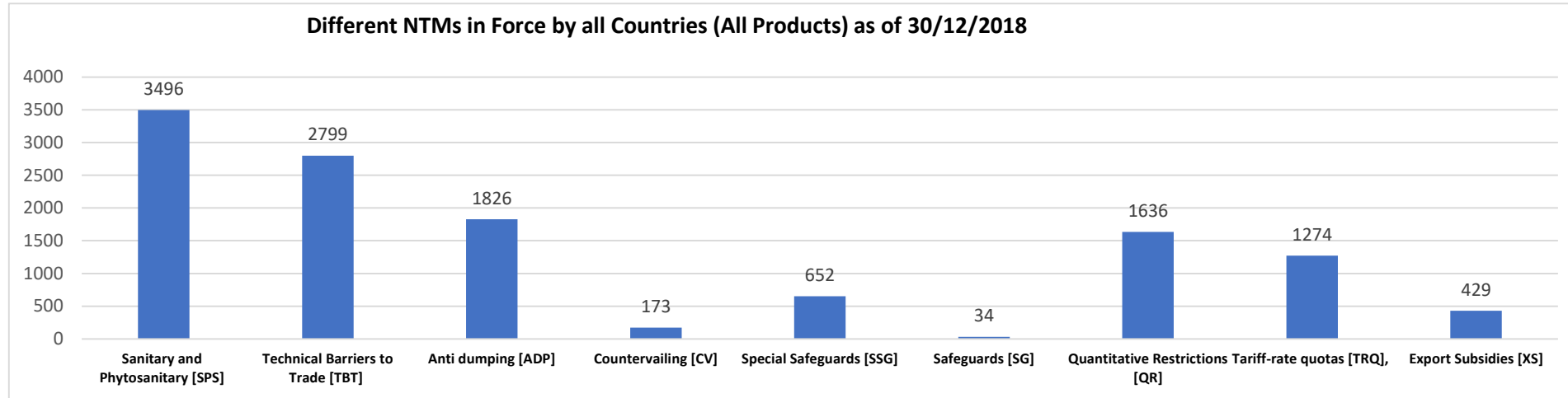
- The TBT Agreement is meant to ensure technical regulations, standards, and testing and certification procedures do not create unnecessary obstacles. The agreement does recognize countries' rights to adopt the standards they consider appropriate—for example, to protect human, animal, or plant life or health; to safeguard the environment; or to meet other consumer interests.
- Under the agreement, the procedures used to decide whether a product conforms with relevant standards have to be fair and equitable. Developed Countries in this regard are at an advantageous position being prime mover in this direction as compared to developing Countries.
- Referring Technical Regulations as Technical Trade Barrier is a Misnomer



**% of Various NTMs Imposed by India as of 31-12-2018**



Source: WTO Database (As of 31-12-2018)



## NTMS IN FORCE IN WORLD AS OF 31-12-2018



Source: WTO Database (As of 31-12-2018)



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***Need For Mandatory Steel Quality Control***

## Seconds and Defective Imports

Tonnes

Products	2018-19	Apr'19-May'19
Bars/Rods	3,000	
TMT		1,000
HR	1,000	
CR	4,000	
GP/GC	150,000	38,000
Tin Plates	103,000	
Tin Free	50,000	
Pipes	56,000	
<b>Total</b>	<b>367,000</b>	<b>39,000</b>

Source: JPC



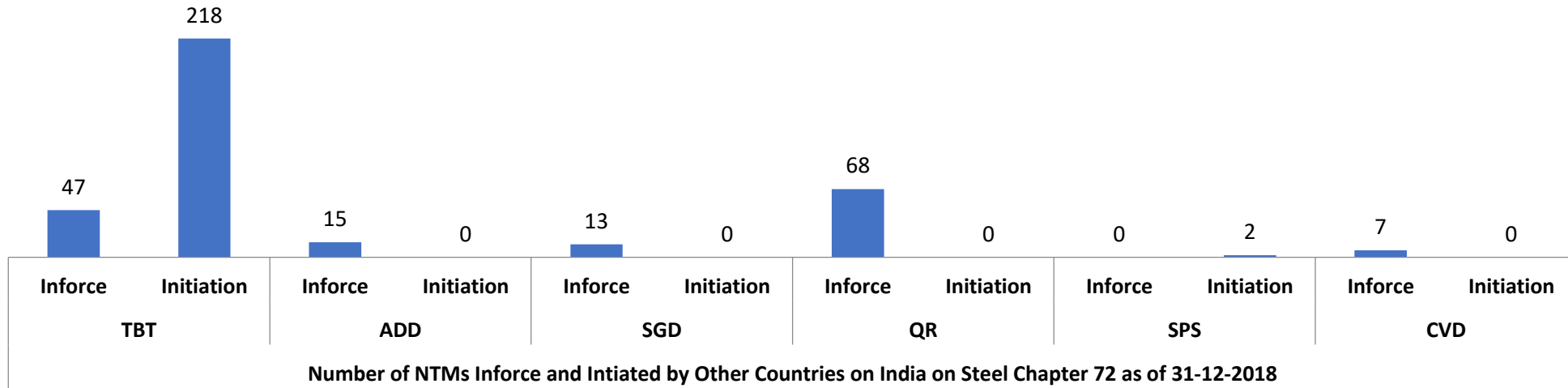
- As Per BIS Web Site there is a list 536 licenses for TMT Conforming to IS: 1786 issued to various Steel Producers
- As per the list one can observe that there are 341 TMT brand names shown against these licenses
- **How can we assure that these brands are safe to be used by the user Industry that is Construction sector or Individual User?**
- I am sure everyone will speak in unison that it is possible if all these brands conform to a technical standard and to quality conformance,
- That takes us to the importance of Mandatory Quality Control requirements in Steel, it can be ensured by Steel and steel product quality Control Order.

The mandatory quality standards on steel have been put in place to ensure that **sub-standard and harmful items are not imported** into the Country and are not as a measure to control imports.

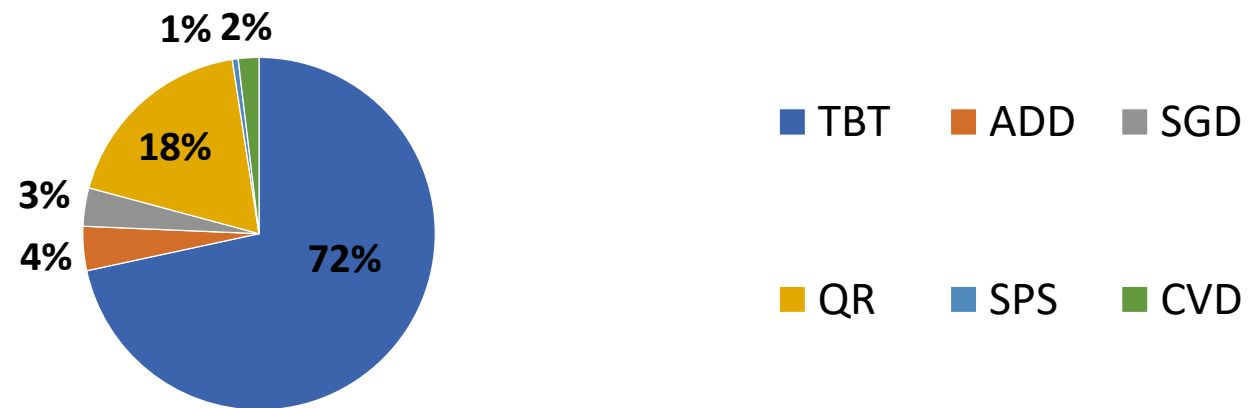
These are **applied on the domestic suppliers.**

The product and manufacturing process has to conform to a technical standards.

- Prime objective of the Steel and Steel Products Quality Control Order is to restrict/prohibit production/sale/import of substandard material.
- Domestic and foreign suppliers are equally Covered under the Purview of Quality Control Order
- To ensure compliance,- the storage, sale, distribution of such sub-standard product is prohibited in domestic market.



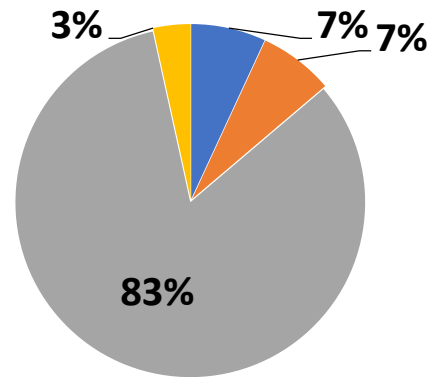
% OF NTM ON STEEL (CHAPTER 72) IN-FORCE & INITIATED ON INDIA



Source: WTO Database (As of 31-12-2018)



% OF VARIOUS NTM IMPOSED BY INDIA ON STEEL (CHAPTER 72)



- Safeguards
- Technical Barriers to Trade
- Anti dumping
- Countervailing



NTM	Areas of Focus	Description of Measures from other Countries on India	Area of Focus	Description of Measures from India on Countries on India
<p><b>TBT</b></p>	<p>Quality; Check of Radio Active Contamination; Technical Standards Regulation; TDC- Prevention of deceptive practices and consumer protection; Safety; LABELLING, Harmonizing</p>	<p>Rebars (Afghanistan, Uganda, Columbia, Israel, Nicaragua)</p>	<p>The Focus areas are Chemical Composition; Strength Stipulations; Dimensional Tolerance; Sampling; Type of Testing; Packing; Delivery Conditions</p>	<p>53 Steel Products have been Covered under Steel and Steel Product quality Control Order. The product covered mainly includes. HR, CR, Plates, Rebars, Billets, GP, GC, Wire rods, epoxy coated rebars, stainless steel and many more products. The 13 more are initiated; the products covered are Ferro-Nickel, Ferro-Silicon, Bright bars, Steel for Ship Hulls, Steel for hardening and tempering, High Speed Steel, tools and die steel, Steel for Valves of IC engines, forgings, Magnetic Materials</p>
		<p>Steel Scrap. Auto Scrap (China)</p>		
		<p>CR Stainless Steel, Bead Wires (Indonesia)</p>		
		<p>HR H Beams (Chinese Taipei)</p>		
		<p>Zn Coated Barbed Wire (Uganda)</p>		
		<p>Sheets, Coils, rebars, Wires for PSC, Wire Mesh (Uganda)</p>		
		<p>Wire Rod Coils, Plates, Rails; CRC, Steel Wire Nails- Uganda)</p>		
		<p>Steel bars, Steel wires &amp; Steel Fabrication (Mauritius)</p>		
<p>Rebars and Wires (Nicaragua)</p>				

SI No	Conformation Criteria Generally to Technical Specifications
1	Chemical Composition
2	Strength Stipulations
3	Dimensional Tolerance
4	Sampling
5	Type of Testing
6	Packing
7	Delivery Conditions
8	Microalloying elements used and their percentages

# Summary Of Standards (QCO) Notified and Under Processing

	No. of Quality Orders	Standard Covering Product	Indian Licensee Available	Foreign Licensee Issued
<b>Semi</b>	<b>3</b>	<b>Semis</b>	<b>585</b>	<b>15</b>
<b>Flat</b>	10	HR	439	110
	3	CR	68	14
	4	Coated	64	15
	0	Tin	0	0
	3	Electrical	11	33
	<b>20</b>	<b>Flats</b>	<b>582</b>	<b>172</b>
<b>Long</b>	2	TMT	546	22
	3	Wire Rod	21	21
	2	Bars	35	6
	1	Structural	1	1
	12	Wire	129	2
	<b>20</b>	<b>Longs</b>	<b>732</b>	<b>52</b>
	4	Special	6	0
	6	Stainless Steel	34	22
	<b>53</b>	<b>Total</b>	<b>1939</b>	<b>261</b>
<b>Additional under Enforcement</b>				
	2	Ferro Alloys	n.a.	n.a.
	1	Semis	n.a.	n.a.
	2	HR	n.a.	n.a.
	1	SBQ	n.a.	n.a.
	1	Bars	n.a.	n.a.
	4	Tool / Die / Alloy Steel	n.a.	n.a.
	1	Forgings for PV	n.a.	n.a.
	1	Magnetic Steel	n.a.	n.a.
	<b>13</b>	<b>Total</b>	<b>0</b>	<b>0</b>
<b>Grand Total- Summary</b>				
	2	Ferro Alloys	0	0
	4	Semis	585	15
	22	Flats	582	172
	21	Longs	732	52
	11	Special	6	0
	6	SS	34	22
	<b>66</b>	<b>Total</b>	<b>1939</b>	<b>261</b>





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***User / Stake Holder's Perspective***

**In order to allow systematic classification and study of stakeholders, the ISO Technical Board has defined seven distinct categories for classification of experts participating in technical committees**

<u>Category</u>	<u>Title</u>	<u>Typically including:</u>
A	<b>Industry and commerce</b>	manufacturers; producers; designers; service industries; distribution, warehousing and transport undertakings; retailers; insurers; banks and financial institutions; business and trade associations
B	Government	international and regional treaty organizations and agencies; national government and local government departments and agencies, and all bodies that have a legally recognized regulatory function
C	<b>Consumers</b>	national, regional and international consumer representation bodies, independent of any organization that would fall into the 'industry and commerce' category, or individual experts engaged from a consumer perspective
D	Labour	international, regional, national and local trades unions and federations of trades unions and similar bodies the main purpose of which is to promote or safeguard the collective interests of employees in respect of their relationship with their employers This does not include professional associations
E	Academic and research bodies	universities and other higher educational bodies or professional educators associated with them; professional associations 1); research institutions
F	<b>Standards application</b>	testing, certification and accreditation bodies; organizations primarily devoted to promoting or assessing the use of standards
G	Non-governmental organization (NGO)	organizations that usually operate on a charitable, not-for-profit or non-profit distributing basis and that have a public interest objective related to social or environmental concerns. This category does not include political parties or other bodies whose main purpose is to achieve representation in government or governmental bodies.

- Current Industry focus has been on volumes in Some Product Lines.
- Need for a paradigm shift from quantity to quality keeping the Down Stream/User Industry's requirement in view.
- 'Make in India' vision can take leap Jump if quality is kept as a long term goal to create global Quality Image of Indian Product.
- This will help the user-Industry to compete globally.
- Integration of quality standards with the end-use application/performance.



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# *Challenges*

- India exported negligible quantity Of 0.11 MnT to Japan and Korea during 2018-19 as compared to 4.36 MnT imports
- Standards unique to **Japan** (formal, informal, *de facto*, or otherwise);
- **A requirement in some sectors or projects the companies have to demonstrate prior experience in Japan, effectively shutting out new entrants in the market;**
- **In Japan Licensing de-facto powers are in the hands of Industry associations with limited membership,**
- **Funding of projects aided by Japan, including JICA, stipulates minimum 30% use of Japanese products and invariably steel has to be procured from Japanese steel mills even if the project is in India.**
- **A number of automotive companies within the region tie up contracts with domestic steel sheet producers of their own origin country (Hyundai Steel and Hyundai automotive, Nippon Steel with Honda & Toyota, JFE with Nissan).**
- **The Asian markets in North East Asia tend to trade closely within own market area. Chinese exporters have logistics advantage over other countries including India.**

- **Overlapping of international standards with multiple BIS standards**
- **Overlapping of BIS standards for products for same application/end-use**
- **Too many specifications and fragmented. For each small end-use Specifications are made. In a global Trade environment this is a constraint.**  
**The main reason that majority of the standards have virtually become pre-historic**
- **Interlinking HS (ITC) codes with notified BIS specifications, for easy implementation and Trade.**
- **Lack of awareness of foreign specifications like ASTM, JIS,DIN etc vis-à-vis notified steel products, under Steel and Steel Product Quality Control Order.**
- **Lack of Upgraded lab facilities for testing pan India for small and medium sector and the cost of testing.**
- **Lack of awareness about Specifications, among authorities responsible for its implementation.**
- **Large, fragmented and complex nature of domestic steel industry.**



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*Way Forward*

- India needs to implement technical regulations to secure the future and generate quality consciousness among its citizen for present and future.
- To safe guard intergenerational equity
- Time schedules required by TBT should not act as a hindrance to implement Technical Regulations on quality standards.
- Developing Countries have been at a disadvantageous position vis-à-vis developed Countries.
- Unprecedented floods, cyclones, earthquakes across various parts of world are warnings enough to protect the equity passed of by our predecessor to future generations
- **Let us not forget that 'a stitch in time saves nine'**



- **Participating in international standardization –systematize, review standards & harmonize**
- **Creating Umbrella Specification by BIS and reduce number of Specification to remove fragmentation.**
- Regulatory bodies to be trained for Conformity to legal Provisions and develop Assessment Guides and Apps through technological intervention.
- Strengthening of Notification Systems
- Requirements of importing countries to be made available
- Identification and strengthen Labs. For Testing- sector-wise,
- **Need To Decentralize Licensing Bodies to Speed up**
  - ✓ **Conformity Assessment Infrastructure**
- **Product Certification bodies to get accredited**
- **HS(ITC) Mapping of BIS Codes for Easy Trade- Post Control Order**

## MAKE OUR DOWN STREAM COMPETENT FOR GLOBAL COMPETITION- REAL OBJECTIVE OF MAKE IN INDIA

COUNTRY A

MY PRODUCTS OR SERVICES  
MEET STANDARD X. I WANT TO  
SELL THEM TO COUNTRY B

COUNTRY B

- ▶ Surprise costs
- ▶ Loss of economies of scale
- ▶ Information costs
- ▶ Conformity assessment costs

Rosa



THAT'S NICE, BUT WE  
ONLY ACCEPT PRODUCTS  
OR SERVICES THAT MEET  
STANDARD Y!





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***THANK YOU***

**DISCLAIMER**

*The material in this presentation has been prepared by Indian Steel Association (ISA) and is a general background information reviewing the status of the Indian steel industry as at the date of this presentation.*

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