

# CUT THE RED TAPE

The Bureau of Indian Standards (BIS) is attempting to push a policy through that will mean tinplate suppliers in to India must have a specific certification for products and pay a premium to them for the privilege. Sanjay Bhatia, president of the Metal Container Manufacturers Association of India (MCMA), feels that the order needs to be reviewed



**T**he Bureau of Indian Standards (BIS) is the national Standards Body working under the aegis of the Ministry of Consumer Affairs (Government of India) and was established in 1986. BIS is a member of ISO (International Standards Organization) and the standards are generally aligned with international standards and subject to certain changes based on local requirements. Generally these standards are formulated in consultation with all stakeholders, like raw material manufacturers, converters, users, Government representatives etc and in many cases they are subject to change as per the requirements of individual buyers and sellers as well.

The Government/concerned Ministry or Ministry of Consumer Affairs has the power to issue instructions through notification to ask the industry to strictly follow the standards and also to impose a BIS certification on each and every product they produce – meaning that the industry will have to undertake mandatory certification of BIS on those products which are covered by such notification.

Once the Government decides to lay down the rule that there has to be a mandatory certification, the industry will not have any option other than to follow it. This would be applicable for all the listed products which are produced in India as well as imported into India. Even the companies/exporters



in different countries will have to register with BIS and abide by all the terms and conditions and pay necessary charges if they wish to export to India. In other words, this becomes a 'Non-Tariff Barrier'.

The industry fought this once before in 2008, when the Ministry of Consumer Affairs had issued a similar kind of notification to bring tinplate under mandatory BIS certification, but on representation by the industry association – Metal Container Manufacturers' Association (MCMA) wherein we highlighted various implications/complications on the enforcement of such an order, the Government took a favorable view and decided to withdraw the notification. The current notification is still in a draft stage and is being pushed forward by the Ministry of Steel in order to enforce standards as per BIS for 16 steel products, including Cold Reduced Electrolytic Tinplate. Some of the other items are Hot Rolled Carbon Steel, Cold Rolled Steel Strips, Hot Rolled Steel Plate etc. As we understand it, the intention of the Ministry of Steel may be to protect the domestic industry through a non-tariff barrier – mainly cheap imports.

#### HOW WILL THIS AFFECT THE METAL PACKAGING INDUSTRY?

In India, metal packaging constitutes only five per cent of the overall packaging industry and is a small player. The major players in the packaging industry are paper and

plastic. Customers have the option to use different modes of packaging and one of the big challenges with the metal packaging industry is the competition from alternate packaging material, as in the recent past we have seen the trend of various products moving from metal to other alternate packaging – especially flexible packaging and duplex cartons.

The mandatory BIS would only be applicable to one of the key raw materials of metal packaging – Cold Reduced Electrolytic Tinplate – which obviously will not serve any purpose assuming the Government's intention is to bring standardisation into the metal packaging industry. Metal packaging today has a mix of various materials like tin-free steel, aluminium easy open ends, plastic caps etc and targeting only one of the raw materials ie tinplate will not serve any purpose.

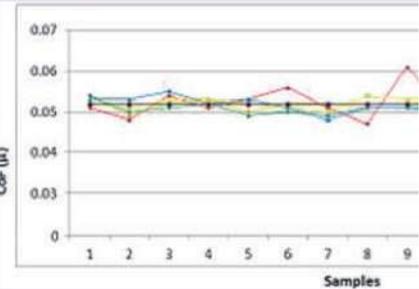
If the purpose of the Government is to protect domestic industry, in that case we have one producer of tinplate which commands 85 per cent of Indian market and the domestic availability of tin mill product is approximately 350,000 MTs against demand of 550,000 MTs. The industry imports approximately 200,000 MTs annually, which is a mix of tinplate and tin-free steel in prime and secondary. Secondary materials are necessarily required by the industry for various non-critical end uses like packaging for paints/chemicals etc and various products like stationery ▷





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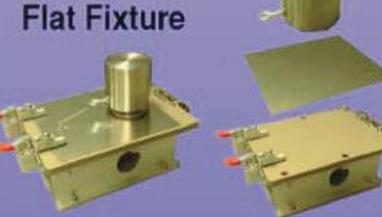


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items, show boards, lanterns etc. These products are manufactured by very small and cottage industry outlets.

The other important point is that there are no standards of BIS for secondary materials, as most of the secondary materials arise or overrun while a mill produces prime materials. Since in India we have sufficient availability of labour, small manufacturers can conveniently use such material which cannot be used on automatic high speed lines. This is quite important for the survival of the metal packaging industry.

The other issue which MCMA is asking the Government to address is to allow equivalent standards as exist in other countries, such as Euro norms, Japanese standards etc as most of them are aligned with ISO like BIS standards in India. In that case, at least supply of the material to the industry will not be affected, especially for prime materials.

### AFFECT ON THE GOVERNMENTS' MAKE IN INDIA CAMPAIGN

If the Government decides to implement the draft notification, we feel that this would adversely affect the initiative/vision of our Honourable Prime Minister to promote 'Make In India', as either the customers will move to other alternate packaging materials or the products can easily be imported from other neighbouring countries as there is no mandatory BIS certification required for the finished products.

We, therefore, strongly resist any regulation which potentially restricts the supply of

raw material to the domestic industry, promotes import of value added finished products, discourages local manufacturing and also adversely affects employment in the country.

MCMA has met various Government officials in different Ministries and also brought to the attention of concerned Ministers the ill-effects which the proposed draft notification will have on the metal packaging industry in India, as well as on the employment situation.

We have highlighted that this will bring back more Governmental control through inspectors and result in increases in costs to the industry, as mandatory BIS certification charges/fees are to be paid to BIS for each and every consignment.

We have also highlighted the issue through media and approached several Ministers/Members of Parliament who have written to Ministry of Steel to reconsider the draft notification. In addition to that, the Ministry of Micro, Small and Medium Enterprises has sent strong recommendations to the Ministry of Steel for withdrawal of our product – Cold Reduced Electrolytic Tinplate – from the draft notification.

### WILL THIS AFFECT YOU AND HOW CAN YOU HELP?

As already mentioned above, companies outside of India will have to follow the requirement and will have to go through the Foreign Manufacturer Registration Scheme and get themselves registered and approved by BIS.

Foreign companies/exporters will have to pay necessary BIS fees, file returns and review their licenses/registration as laid down by BIS on annual basis.

To clarify, this is not a bill, but a draft notification, hence there is no need for this to go to Parliament. The Ministry of Steel, Government of India, has the power to issue such a notification and have already followed the procedures and sent the draft notification to the World Trade Organization (WTO) for any comments/objections from other countries. Hopefully, some of the steel companies who are interested in exporting to India have filed objections. Although the time for filing objections with WTO has now expired, the industry globally can still write to the Government of India, specifically the Ministry of Steel and office of the Prime Minister separately, raising their voice against such notification and highlighting the kind of operational issues they would face in case this notification comes into force. 

*For further information, please visit [www.mcma.in](http://www.mcma.in)*

