

Clarificatory Order of Ministry of Steel regarding Quality Control Order on Steel Products

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Ministry of Steel has issued Quality Control Orders for enforcement of 151 BIS Standards. The last Quality Control Order was issued in August 2024. No new Quality Control Order has been issued after that.

The Order of Ministry of Steel dated 13th June 2025 is to clarify that the intermediate material for manufacturing of final products under BIS Standards, steel products will also have to follow BIS Standards prescribed for such intermediate products. No new Quality Control Orders have been issued. This order was necessary in view of the following:

- I. **Parity with domestic producers:** Presently, import of finished steel products was not at par with Indian manufacturers of finished steel products as Indian steel products manufacturers had to use only BIS Standard compliant intermediate material while no such requirement was felt by importers for import of steel products. It will be wrong to put domestic steel products manufacturers at a comparative disadvantage vis-à-vis imported products in terms of non-BIS compliant intermediate input products.
- II. Compliance of BIS Standards for intermediate product is required to ensure that finished product is as per quality requirement given by BIS Standards. If this not done, a final product may be sub-standard. For example, large quantity of coated steel is imported into India. Coated steel uses HR/CR Coil as base material, which is the main product in this case. If HR/CR Coil is not BIS compliant, coated steel cannot be BIS compliant, even if the coating process is itself BIS compliant.
- III. **Possibility of import of substandard steel:** It is also to be noted that because of excess capacity and declining consumption in certain countries, there is big possibility of dumping of substandard steel. As India is the only fast-growing large economy in the world, there is a very high possibility of cheap steel getting pushed into Indian market unless adequate measures are put in place for import of quality steel. It is to be noted that if intermediate inputs (which form the core of finished product like HR coil, CR coil or coated steel) are not BIS compliant and are substandard, the final product cannot be BIS compliant.
- IV. It may be noted that Integrated Steel Plants, which make intermediate products and finished products themselves and the BIS licence has been issued to them taking into account the whole process, will not need to have different licences for all stages as the BIS certification process takes care of the whole manufacturing chain. Ministry of Steel will issue clarifications in this regard after verification from BIS for such integrated steel plants.
- V. Apprehension of possibility of price rise due to the 13th June Order issued by Ministry of Steel are unfounded. India has a steel manufacturing capacity of 200 Million Tonnes which is enough to meet domestic demand. Hence no such possibility of price increase seems to be there.
- VI. It is to be noted that many countries have imposed safeguard duties and measures to prevent import of cheap steel from the international market such imposition of sectoral tariffs , Tariff

Rate Quotas (TRQs) etc. Because of these safeguard measures adopted by other countries, the possibility of dumping of cheap substandard steel into India further increases. If this happens, this will have extreme adverse impact on the domestic steel industry and especially the small steel industries in the country. This will also lead to the possibility of loss of employment of lakhs of people.

- VII. It is to be noted that India is the only major economy, where steel consumption is growing at above 12% for the last three years. On the contrary, the steel consumption in other geographies is either stagnant or decline. This fast growth in steel consumption is due to Government of India's push on infrastructure strengthening, public and private sector development in buildings and real estate and growing manufacturing of capital goods in the country. To cater to this steel demand, the country will need about 300 MT steel capacity by 2030 and 400 MT of steel capacity by 2035. This capacity creation will require capital infusion of approximately US \$ 200 billion by 2035. If substandard cheap steel imports affect the domestic steel industry (both integrated steel producers and small steel industries) their capacity to infuse this capital will come into terrible strain and the capacity expansion plans of steel industry will be adversely affected.

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