

Report of the Secretary General for the year 2017-18

I have great pleasure in presenting the report about the Indian Beverage Association (IBA) and its activities for the year 2017-18.

2. Having come into being on January 14, 2010 as a Society under the Societies Registration Act, 1860 and having commenced operations with the year 2010-11, the year under review was the eighth year of the Association's activities.

3. The office of the Association continues to be located in the building of the PHD Chamber of Commerce and Industry, August Kranti Marg, New Delhi.

4. The Managing Committee of the Association met periodically in the course of the year to consider various matters and to give necessary directions for furthering the activities of the Association. Meetings of the Managing Committee took place on June 28, 2017, October 9, 2017 and February 15, 2018. Minutes of each meeting were circulated to all the Members of the Managing Committee soon after each meeting.

5. The bank account of IBA continues to be at the Hauz Khas branch of HDFC Bank. The monies received from time to time by way of Entry Fee, Annual Subscription and Contribution (under Rule 5), etc. are deposited in this account.

6. Since the last General Meeting on October 9, 2017 (held in Bengaluru), Bisleri International Pvt. Ltd. became Associate Member of the Association on July 25, 2018. The Membership of the Association stood at 23 as on March 31, 2018 consisting of 8 Subscriber Members and 15 Associate Members. We take this occasion to once again welcome Bisleri International Pvt. Ltd. to IBA.

7. In the course of the year 2016-17, the Association continued endeavours for discharging its role as a focal point for the beverage industry in general and its Members in particular in respect of issues that arise periodically relating to the Government of India and different State Governments, apart from regulatory authorities like the Food Safety and Standards Authority of India (FSSAI), the Bureau of Indian Standards (BIS) the Central Pollution Control Board, the Central Ground Water Authority, etc.

8. On August 1, 2017, FSSAI uploaded a draft Notification related to the Food Safety & Standards (Food Products Standards and Food Additives) Amendment Regulations, 2017 so as to include provision for additional additives in various food categories. After consultation with Members, comments and observations of IBA regarding the draft Notification were sent to FSSAI on September 29, 2017.

9. On November 13, 2017, FSSAI uploaded a draft Notification related to the Food Safety & Standards (Food Products Standards and Food Additives) Amendment Regulations, 2017 so as to include provision for additional additives in various food categories. The comments and observations of the Association were submitted to FSSAI on December 13, 2017 in the light of the fact that the comments and observations submitted on September 29, 2017 had evidently not been taken into account by FSSAI.

10. On January 5, 2018, IBA submitted to FSSAI a very detailed representation in soft version (also a very bulky hard version thereof) for deletion of the labelling declaration “Not recommended for Children.”

11. In October, 2017, the Central Ground Water Board uploaded on its website draft guidelines for issuance of NOC for ground water withdrawal. After consultation with Members, detailed comments and suggestions in the matter were submitted by IBA to the Ministry of Water Resources and the Central Ground Water Board on November 30, 2017.

12. The Department of Consumer Affairs (DoCA) notified the Legal Metrology (Packaged Commodities) Amendment Rules, 2017 on June 23, 2017. These were stipulated to come into effect on January 1, 2018. Owing to a variety of reasons, detailed comments could be submitted to the Department only in December, 2017. The Department kindly agreed to provide an opportunity to IBA as late as the last week of December, 2017 for placing its view point and difficulties before the Government. In consideration of the difficulties put forward and other relevant factors, the Department of Consumer Affairs granted time till February, 2018 for effecting the necessary changeover and for continued use of the non-compliant inventory. At the industry’s request, extension of time for the above purpose was subsequently granted till April, 2018 and then till July 31, 2018.

13. Through a notification dated December 2, 2016, FSSAI prescribed standards for caffeinated beverages and allowed a transition period of six months up to July 1, 2017 for complying with the regulations. Upon IBA’s taking up the matter with FSSAI, the Authority granted time till December, 2017 to exhaust the existing stock of caffeinated beverages manufactured domestically or imported. Upon further representation, FSSAI granted a final extension for this purpose up to June, 2018.

14. Prior to the implementation of the GST regime with effect from July 1, 2017, IBA had been representing repeatedly to the Ministry of Finance and CBEC its case for a rational rate of GST for soft drinks in the light of the recommendation in the Report of the Committee headed by the Chief Economic Adviser that this category should be subjected to a tax rate of 40%. The strenuous efforts of IBA and its Members were not successful with these goods being placed in the highest GST slab of 28 per cent and subjected also to (compensation) cess of 12 per cent.

15. IBA has been continuing to represent against the unfairness of the treatment meted out to this industry. It is a matter of deep regret that these efforts have not brought success; this becomes worse in the light of the fact that a large number of goods have been moved to lower slabs of tax by the GST Council.

16. On May 5, 2017, an IBA delegation called on Smt. Nirmala Sitharaman, the then Union Minister of Commerce & Industry and raised the problem being faced by the industry in the North East, West Bengal and Bihar as a result of duty-free entry of soft drinks manufactured by a large soft drinks plant set up recently in Bhutan close to the Indian border. The trade agreement between Bhutan and India is so structured that no duties of any kind can be imposed on the entry of goods from Bhutan into India. While the Minister indicated that the matter would be examined, the problem got resolved with the implementation of the GST regime with effect from July 1, 2017 since IGST plus Cess is being charged on such goods being imported from Bhutan and the levy is available as input credit for the units concerned in the country.

17. The year under review ended on a difficult note for members as a result of the ban on plastics and thermocol products imposed rather suddenly by the Government of Maharashtra through a Notification on March 23, 2018. It has been an evolving situation in which IBA has been playing its

part through participation in interactions with the State Government and making of representations from time to time as warranted.

18 For several years now, IBA has been a Member of the FAD 14 Committee of the Bureau of Indian Standards (BIS). Apart from participating in meetings of this Committee, IBA plays its role in providing comments relating to various proposals of BIS for prescribing standards for products relevant to this industry. This role is discharged by IBA invariably in consultation with Members.

19. IBA continues to be an active member of the International Council of Beverages Associations (ICBA) based in USA. Useful material received periodically – some of it every week -- from the ICBA Secretariat is disseminated among members of IBA. IBA attended the last bi-annual in-person meeting of ICBA members held in Singapore.

20. The Association is continuing to manage its affairs with a lean staff consisting of one Personal Secretary and one Office Attendant, apart from the Secretary General, and, in so far as maintenance of accounts is concerned, with the help of an Accounts Consultant.

21. M/s Mukul & Ganesh, Chartered Accountants were appointed as auditor of the Society in respect of the financial year 2017-18 and have audited the accounts for the year.

22. The Secretary General and other members of the staff of IBA are committed to continuing to strive for providing efficient and effective service to the Members in the years to come.

23. The Secretary General wishes to place on record his deep appreciation for the courtesy and consideration extended to him and to the other members of the staff by the Managing Committee and all the Members of IBA.

(Arvind Varma)
Secretary General

August 14, 2018