

# Delays in obtaining NOCs for steel imports may drive up prices

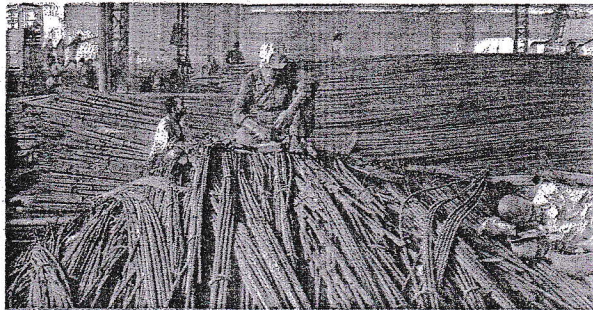
**QUALITY CHECK.** Move to keep out imports not conforming to BIS standards: Ministry

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In a major relief to domestic producers, the sharp rise in steel imports could slow down as imported consignments face delays at ports due to non-issuance of no-objection certificate (NOC) by the government.

The delay is expected to push up domestic steel prices and provide succour to domestic steel companies, which are reeling under a sharp fall in prices amid slowing demand.

Per the Ministry of Steel and Bureau of Indian Standards regulations, steel produced domestically and imported into India should conform to Bureau of Indian Standards (BIS) standards. 151 BIS standards covering 1,376 grades have been notified and covered by Quality Control Orders (QCO). However, certain grades of steel, not covered under BIS, may be imported with NOC



**AIDING LOCAL INDUSTRY.** The NOC delay could provide relief to domestic steel companies hit by slowing demand REUTERS

from the Ministry of Steel. But the Ministry has been delaying NOC claiming that significant quantity of steel imports do not conform to BIS standards.

## IMPORTS PILING UP

Some of the import consignments, especially from Japan, are piling up at the ports. This has raised serious concern for both the importers and exporters. Following this, Japan has already stopped shipping steel to India. The Ministry pointed

out that imports of cheap and lower-quality steel adversely impact the domestic steel industry with over 1,000 small producers accounting for 41 per cent production capacity. Earlier, the steel industry had proposed a 25 per cent safeguard duty on specific steel imports, but the demand has not been accepted by the government.

Manish Kedia, one of the steel importers in Mumbai, said demanding BIS certification for products not covered under QCOs is not

fair and will push up cost of many infrastructure projects. The government should put up a clear import-export policy and cannot keep tinkering it often, he added.

## EXIM POLICY

Jathin Kaithavalappil, Assistant Vice-President, ChoiceBroking, said the delay in government NOCs might reduce supply and create upward pressure on domestic prices. With a revival in infrastructure and automotive demand, this may benefit domestic producers, he added.

Anirudh Garg, Partner and Fund Manager, Invasset PMS, said when imports are constrained, domestic producers typically gain pricing power due to reduced competition. While imposing import duties outright could escalate trade tensions and attract WTO scrutiny, non-tariff measures offer subtle means of achieving similar objectives, he said.