

# 'Steel Ministry in favour of higher tax on imports to protect local industry'

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The Steel Ministry is backing higher taxation on import of the metal, including having a border adjustment tax mechanism, to protect the domestic steel industry, HD Kumaraswamy, Minister for Steel, told *businessline*.

Discussions are already underway in this regard.

India's large steel makers have been asking for ways and methods to curb imports - coming in from China, Vietnam and other FTA countries that include Korea and Japan.

While anti-dumping investigations are on against metal shipments coming in from Vietnam, the pitch for reviewing FTAs and including reciprocal clauses that will protect India steel makers allowing them access in these markets is also gaining ground.

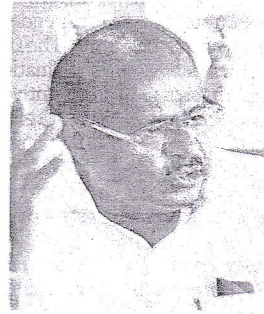
India was a net importer of steel for April-August period of this fiscal with incoming shipments exceeding exports by 1.6 million tonnes (imports at 3.5 mt, and exports at 1.9 mt). China continues to be the dominant supplier. Imports increased by 25 per cent year-over-year while exports fell by 40 per cent for the five month period.

Asked if a countervailing duty will be proposed on imports, Kumaraswamy said: "We are working on this to save the industry."

He was speaking on the sidelines of the launch of a report on 'Greening the Steel Sector in India: Roadmap and Action Plan', prepared on the basis of 14 task forces constituted by the Steel Ministry for defining pathway towards decarbonisation of the sector.

## IMPORT DUTY

Incidentally, the minister had earlier this month assured the industry that a 33-60 per cent-odd increase in import duty was being considered thereby taking up the tax to 10-12 per cent, from



HD Kumaraswamy, Union Minister of Steel and Heavy Industries

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the existing 7.5 per cent-odd. The minister had said he would be taking it up with the FM and PM. Incidentally, at a recent meeting with the ministry, industry officials had raised concerns relating to import and the subsequent fall in steel prices in the domestic market impacting their earnings and also ability to invest.

## EXPLORING TAXES

Officials told *businessline* that according to industry people, nearly 60 per cent of Indian imports are from FTA countries with zero duty.

In comparison, various embedded duties and taxes, including State-level ones, which are not subsumed within GST, account for 10-12 per cent of the final price of steel which is sold by Indian steel mills.

To offset this disadvantage, in case of domestic supplies, an equivalent border adjustment tax on imports, is being explored with Union Commerce and Industry Minister, Piyush Goyal, agreeing to meet industry players, associations and officials in discussing modalities of such a mechanism.