

# Safeguard duty needs to be renewed, says Tata Steel MD Narendran

**FUTURE INVESTMENT.** 'For the steel industry to keep building capacity, it needs healthier cash flows'

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Tata Steel is expecting the government to extend the safeguard duty of 12 per cent amid sharp increase in imports and domestic consignments meant for exports hitting the markets.

TV Narendran, Managing Director, Tata Steel, in an interview with *businessline* said steel companies had demanded a safeguard duty of 25 per cent, but it was fixed at 12 per cent for six months.

The safeguard duty will be up for renewal and needs to be extended to protect huge investments made in the recent years, he said.

In April, the government levied a provisional 12 per cent safeguard duty on select steel imports for 200 days to protect the domestic industry from imports.



"For the steel industry to keep investing and building capacity, it needs healthier cash flows than it has today and that cannot happen without the safeguard duty," he added.

Imports keep steel prices low and this will derail a very good private sector capex programme of the steel industry, he said. Tata Steel

will continue to be profitable; but if it has to invest huge capital for growth, it needs to have more comfort on the margin that it can see going forward, said Narendran.

Asked whether the duty needs to be raised to 25 per cent, he said the 12 per cent safeguard duty needs to be renewed and then talk about

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**TV NARENDRA**  
Managing Director, Tata Steel

but that does not make sense, he added.

## **ADVANTAGE CHINA?**

China will have an advantage because the scale is much bigger and they get incentives and various other support much more than in India, said Narendran. "It takes much less time to build steel plants and there are a lot of advantages for them. It is unfair to equate them with a manufacturer in India," he said. With China still exporting 10 million tonne a month, it is very difficult for someone in India to export into any market which is not protected or which is not dominated by the Chinese at very low prices, he added. As the export options are removed, Narendran said pretty much all Indian producers are selling almost all the capacity in India and this is adding to the stress in the domestic market.

what else can be done to reduce imports. "We are conscious that there are many consumers of steel who then feel that they are at a disadvantage, but there is no logic in it," he said.

For that matter, consumers can buy any products right from appliances and cars from China cheaper than what is made in India,