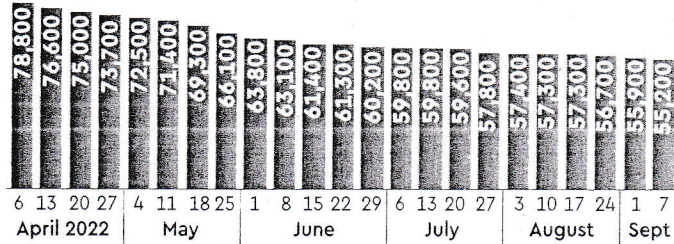


Ministry wants 15% export duty on steel to stay till December

Weekly HRC price* (in ₹/tonne)



*Ex-Mumbai; Source: SteelMint

SURYA SARATHI RAY
New Delhi, September 14

THE 15% EXPORT duty imposed in May on a range of items covering around 95% of the finished steel export basket is likely to stay till December as the steel ministry feels that any roll-back of the duty at this stage may suppress domestic prices. "Duty rollback may also give unintended signals to market to prefer exports over domestic demand," the ministry said in a note.

The ministry is confident domestic demand will go up after the monsoon, particularly because of governments thrust to building infrastructure across the country, and this will put upward pressure on prices. At the same time, cost of production for the domestic steel makers will rise as prices of major inputs such as coking coal and iron ore are expected to move up.

"In view of this, reduction in duty may be considered after stabil-

isation of the present volatile market condition, cooling of inflationary pressures and the steel price trends in the next quarter," the ministry said. In FY 22, India's steel exports at 18.37 million tonnes (MT), comprising both finished and semi-finished steel, was the highest both in absolute terms and in proportion of production – 11.9% in case of finished steel and 15.3% in case of crude steel.

"Higher exports may have, in part, helped sustain high prices of steel during FY22," the ministry believes. Export duty was imposed on eleven items including hot-rolled coil (HRC) and cold-rolled coil (CRC) on May 21 to contain domestic prices of steel.

Within 20 days of the duty imposition, prices declined by 9-14% by June 10, but the pace of decline moderated since then. The decline was in the range of 5-17% by August 19 compared with the May 21 price.