

# Govt looking at insulating MSMEs from price rise due to steel safeguard duty

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The Ministries of Steel, Commerce and MSME are in discussion over possible ways to insulate MSME users of steel from price rise if the proposed safeguard duties on steel imports are imposed as it could force them to close down, sources said.

"Safeguard duties, if imposed, would result in higher local prices of steel which will hit MSMEs hard. So there is an understanding in the government that MSME units should be given steel at international prices or at export price. But the mechanism to go about it is proving to be tricky," a source tracking the matter said.

Finding a mechanism to ensure that the MSME buyers use 'lower-priced' steel as inputs and do not sell it in the market to gain from arbitrage is a challenge, the source said.

In December 2024, the Steel Ministry proposed a 25 per cent safeguard duty on certain steel products imported into the country. Steel Minister HD Kumaraswamy and Commerce and Industry Minister Piyush Goyal were present at the meeting. Safeguard duties are penal duties imposed on imports, in case there is a surge hurting domestic industry.

## COMPLAINT, PROBE

Later in the month, the Directorate General of Trade Remedies, an arm of the Commerce and Industry Ministry, initiated an investigation into imports of 'Non-Alloy and Alloy Steel Flat Products', used in various industries, including fabrication. It was based on a complaint from the Indian Steel Association on behalf of its members. The applicant alleged that there was a recent, sudden, sharp and significant



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increase in the volume of imports, which caused significant injury to the domestic industry in India.

"The major steel producers, who have lobbied for the safeguard duties, are mostly ready to provide MSMEs with steel at international prices or export prices, but they want a guarantee that the material will not be redirected into the domestic market. Since the MSMEs are mostly not buying directly from the steel producers but from traders, it makes the situation more complicated," the source said.

A meeting between the Steel, MSME and Commerce ministries is scheduled this week where the matter will be taken up, the source pointed out.

EEPC India, which represents engineering products exporting companies that use steel as inputs, can only help in a limited way in sorting out the issue, said Pañkaj Chadha, Chairman, EEPC India.

"EEPC India can step in to vet and certify an MSME manufacturer. But it will not be possible for the council to ensure that there will not be any leakage," Chadha said.

It is up to the government and steel producers now to suggest something that would work for the MSME segment, he added.