DGTR for 12% safeguard duty on select steel items

But MSMEs fear escalation in domestic prices, call for import quota

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The Directorate General of Trade Remedies (DGTR), under the Ministry of Commerce and Industry, has recommended a 12 per cent safeguard duty on certain steel products for 200 days to protect the domestic industry from what it describes as "serious injury" caused by a recent surge in such imports.

The recommendation, which requires approval from the Department of Revenue in the finance ministry, comes amid concerns of further increases in steel imports following the 25 per cent tariff on steel and aluminium imposed by the United States on March 12.

A safeguard duty is a temporary tariff imposed to shield a domestic industry from a sudden surge in imports.

The DGTR report emphasised the urgency of implementing the measure, warning that any delay could cause irreparable damage. "There is a necessity for immediate application of provisional safeguard measures," it stated.

India's imports of finished steel from countries such as China, South Korea, Vietnam, and Japan have been consistently high, according to the findings. The surge has been largely attributed to trade diversion caused by the US' protective measures in place since 2018.

To counter this, the European Union (EU) imposed safeguard duties in 2018, followed by South Africa, Turkey, Vietnam, and Malaysia, all of which raised barriers against steel imports.

"To counter the trade diversion from the US, as well as any possible diversion from other countries that have put in place import barriers to counter trade diversion from the US into their countries, any protective measure by India shall be at a level adequate to ward off the trade diversion," the DGTR report said.

If implemented, the safeguard duty could raise raw material costs for micro, small, and medium enterprises (MSMEs) and steel-dependent industries at a time when global steel prices are expected to soften. Turn to Page 6

RESTRICTIVE MEASURES

Non-alloy & alloy steel flat products

- Preliminary findings in March 2025 recommend a 12% safeguard duty for 200 days

Low-ash metallurgical coke

- Following a safeguard investigation, a quantitative restriction was imposed from January 1–June 30, 2025

Ferro-molybdenum

- In May 2023, India announced a two-year safeguard duty
- Imports from South Korea faced a 5% import duty from October 2023–October 2024
- Thereafter, a 3.75% duty was imposed for another year

Source: DGTR

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Stocks of metal firms rally up to 10%

The 12 per cent safeguard duty proposal gave a gleam to metal stocks on Wednesday as some key scrips rallied up to 10 per cent in intraday deals on the NSE. The Nifty Metal index rose as much as 1.67 per cent to hit an intraday high of 9,185.20. Among individual stocks, Hindustan Zinc zoomed 9.48 per cent.

GTRI: Safeguard measure may encourage monopolistic practices

The chairman of engineering exporter body EEPC India, Pankaj Chadha, called for additional safeguards for MSMEs and user industries, warning of potential price hikes and supply disruptions. He said a provision allowing MSMEs to procure steel at export parity prices to maintain global competitiveness.

Chadha proposed a tariff rate quota system, permitting low-duty imports within set limits, with safeguard duties applicable beyond that quota. "Country-specific quotas, similar to the EU model, should be considered to prevent overdependence on a single source," he added.

Delhi-based think tank, GTRI, raised concerns that the safeguard measure could encourage monopolistic practices, as domestic suppliers might restrict consumer choices and inflate prices. Additionally, 70-80 per cent of India's steel imports stem from FTAs with Japan and South Korea, making the safeguard duty inconsistent with India's trade liberalisation policies.

"The investigation used an inappropriate base year (Covid-affected period) to compare import levels, misrepresenting normal post-pandemic recovery as a sudden surge. The steel industry itself faces rising input costs, not necessarily losses due to increased imports. Profit margins remain healthy, with Ebitda (earnings before interest, taxes, depreciation, and amortisation) margins of 9-23 per cent," it further said.