

AMID RISE IN CHEAPER IMPORTS FROM CHINA

SteelMin wants Customs duty to double to 15%

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The steel ministry has urged the Ministry of Finance to double the basic Customs duty on imported finished steel products to 15 per cent from the current 7.5 per cent in the upcoming Union Budget for 2025-26, people aware of the matter said.

The steel ministry believes that a higher import duty, if implemented, could mitigate the adverse effects of a rise in cheaper

imports of finished steel, particularly from China, one of the people cited above told *Business Standard*.

According to official data, the share of imports from China increased to 32 per cent in the financial year (FY) 2023-24, compared to 23 per cent in the previous year.

Overall, inbound shipments of such products grew by 38 per cent year-on-year (Y-o-Y) to 8.3 million

tonnes (mt) during FY24. In the first six months of the current financial year, imports of finished steel jumped by 41 per cent Y-o-Y to 4.7 mt.

Turn to Page 9 ▶



IN CONTEXT

- The share of imports from China rose to 32% in FY24 against 23% Y-o-Y
- Domestic steel companies say this is hurting their profitability
- DGTR has initiated probe into alleged rise in imports of certain flat steel products

PAGE 4

FinMin no to SteelMin's plan for EESL-like body

The finance ministry has rejected a proposal by the steel ministry to establish a central organisation for the bulk procurement of green steel. The ministry had suggested an agency similar to Energy Efficiency Services (EESL).

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P8



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Import price of steel from China lower than that at home

As a result, the rise in imports have been hurting the profitability of the domestic steel companies. According to the government's internal analysis, the import price of steel from China is substantially lower than the domestic price, even with the current 7.5 per cent import duty. The import price would still remain lower than the domestic price even if the duty were increased to 12.5 per cent. Raising the import levy will be crucial, particularly at a time when many countries have been taking steps to protect their industry from Chinese imports.

Separately, the commerce ministry's investigation arm, the Directorate General of Trade Remedies (DGTR), has initiated a probe into the alleged rise in imports of certain flat steel products. Last month, the steel ministry urged the commerce department to impose a 25 per cent safeguard duty on the entire flat steel product value chain for a two-year period. Safeguard duty is a temporary tariff barrier imposed by a country to protect its domestic industry from a sudden surge in imports.