

Govt Not Keen on Imposing Higher Import Duty on Steel

Centre feels any duty hike could result in it getting more expensive in domestic market

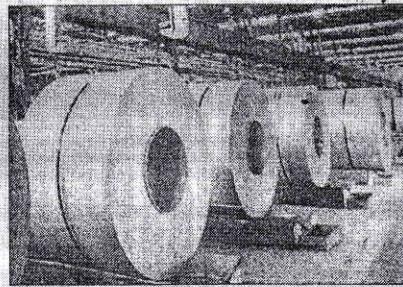
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Mumbai: The Centre is unlikely to relent to the domestic steel industry's demand for increasing basic customs duty (BCD) on the import of steel, or levy any additional safeguard duty on the alloy, in the near term, said two officials in the know. The government believes that such an intervention could result in the crucial alloy getting more expensive in the domestic market, one of the officials said. While the steel ministry has engaged with the commerce ministry and the finance ministry on the subject, the prevailing view is that imports have not gone up at an alarming level for the government to intervene, said the second official.

In fact, Jyotiraditya Scindia, the union minister of steel, recently dismissed concerns around rising imports. "If you look at the numbers, the rise (in imports) is very, very minimal. Our market is growing tremendously, and our domestic producers are supplying well," Scindia had said in February. An emailed request for comments to the steel ministry remained unanswered.

The Indian Steel Association (ISA), a group representing the interests of manufacturers such as Tata Steel and JSW Steel, has made multiple representations to the government seeking intervention against alleged predatory pricing of overseas steelmakers.

It has sought measures like increasing the BCD on steel to 12.5% from 7.5% currently for



flat steel products, and 10% for long products from 7.5% at present.

The industry body has also sought 25% safeguard duty on steel imports from countries that have a free trade agreement with India, thus bypassing the BCD.

Such countries account for more than 60% of steel imports into India. Steelmakers have said that overseas manufacturers are dumping excess output in India at prices lower than those in their domestic markets at a time when demand for the alloy has slumped in most major consumer countries.

"We should not be vulnerable to an unfair trade at predatory prices," a top executive at one of the country's largest steel companies said.