

STEEL INDUSTRY SEEKS DUTY CUT ON KEY RAW MATERIALS

The domestic steel industry is seeking reduction in basic customs duty on key raw materials such as coking coal, pet coke, limestone and dolomite in the upcoming Budget.

Finance Minister Nirmala Sitharaman is scheduled to present the Budget for financial year 2020-21 on February 1.

"Anthracite coal, coking coal, coke, limestone, dolomite are vital inputs for the steel industry. The availability of these items in good quality is declining in the country and the industry has to depend on imports on regular basis," industry body Ficci said in its Budget recommendations for Indian steel sector. The basic customs import duty on anthracite coal is 2.5 per cent. Since ferro alloy industry plays a vital role in steel manufacturing, it is necessary to make available these reductants at international competitive price to make Indian steel mills more competitive, it said while recommending that customs duty on anthracite coal be reduced to zero from 2.5 per cent.

Met coke, another vital input for the industry, had always attracted lower and concessional rate of customs duty, it said. However, the basic customs duty was enhanced from 2.5 per cent to 5 per cent with effect from March 1, 2015. Additionally, anti-dumping duty was also imposed on its imports with effect from November 25, 2016.

"As a result, the cost of this (met coke) vital input in steel manufacturing has gone up necessitating increase in price of steel which is acting as deterrence to the competitiveness of domestic products in international markets vis-à-vis similar products of other countries like China," it said.

"Moreover, high inputs costs have led to an inverted duty structure in the domestic industry and are acting as a deterrent to government's Make in India initiative, as domestic producers have less incentive to import met coke. Rather, imports of finished steel goods are preferred," it said and suggested that duty on metallurgical coke be reduced to zero.

The industry body said exemption available to coking coal was also removed by the government in 2014-15 Budget by bringing it at par with other types of coal and imposing 2.5 per cent basic customs duty.

Source: Business Standard