

Call to address inverted duty structure in steel sector

Our Bureau



VK Saraswat

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The steel sector at present faces an inverted duty structure, which needs to be addressed, according to NITI Aayog Member VK Saraswat.

Customs duties levied on key raw materials such as coking coal, iron ore and metal scrap are higher than those on the end product, he said, adding: "Most steel exporting countries don't impose import duties on raw materials."

Saraswat was speaking here on Tuesday after releasing a report of the National Council of Applied Economic Research on the reforms required for the domestic steel industry.

While the Centre has not given any indication that it believes an inverted duty structure exists in the steel sector, it has provided some relief to the industry from cheaper imports. There have been two rounds of duty increase on steel imports, which have raised the levy on certain categories of steel to 10 per cent.

To protect the industry from imports from countries with which India has a free trade agreement, such as South Korea and Japan, the Finance Ministry last month imposed a safeguard duty of 20 per cent for 200 days on flat steel products.

Saraswat said Japanese and Korean imports of steel products were 3.94 million tonnes in 2014-15 while India's export was much lesser than 1 million tonne.

On the free trade agreements and the ongoing negotiations for the Regional Comprehensive Economic Partnership, Saraswat said both NITI Aayog and the Steel Ministry have asked the Commerce Ministry to keep steel products in the negative list.

"Major strategic planning is needed for the steel sector. We have to tune our policies to make sure our domestic industry is not affected," he added.

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