

Govt plans new steel import duty to prevent hawala transactions

Fearing that the high minimum import price (MIP) imposed on steel items may lead to illegal “hawala” transactions, in turn fuelling an inflow of black money, the commerce ministry has written to the finance ministry to seize the price differential between MIP and the actual import price.

On 5 February, the government announced the MIP for 173 steel products in a bid to curb the dumping of cheap steel by countries such as China, Russia, Japan and South Korea.

However, since the MIP is higher than the import price of steel, it is apprehended that bulk importers may over-invoice imports and transfer the price differential to India through the hawala route.

A commerce ministry official, on condition of anonymity, said that since the actual import price remains the same even after the imposition of MIP, the ministry has written to the revenue department suggesting the levy of an additional duty equivalent to the price differential on steel importers. “This would basically prohibit anybody from importing steel,” the official said.

The government is closely watching the situation and will check any attempt by steel companies to form a cartel, he said.

“In Delhi, the maximum price hike per



tonne of steel is Rs.2, 600 for any product after MIP was imposed. We are closely monitoring the price movement on a weekly basis and will not allow steel companies to form a cartel. We will not allow anybody to run away with the price because our whole downstream engineering industry is relying on steel as input,” he added.

India’s engineering and auto components industries rely on cheaper steel imports and hold the view that the government protects large domestic steel firms through measures such as hikes in import duties and MIP, thus making them uncompetitive in global markets.

Cautioning that the imposition of MIP on steel products will lead to further erosion in engineering exports, T.S. Bhasin, chairman of lobby group Engineering Export Promotion

Council of India, sought from the government a compensatory mechanism to make up for the increased raw material price, which the distressed exporters, mostly in the SME (small and medium enterprise) segment will be made to bear, following the protection given to large steel manufacturers.

“The introduction of MIP on steel products will raise the cost of raw materials for engineering products by about 6-10%, depending upon the nature of the product. This will have a serious debilitating impact on engineering exports, which have already declined by a huge 15% in the first nine months of the current fiscal,” Bhasin said.

Segments such as auto and auto parts, and industrial and electrical machinery, which in any case have low margins and face cut-throat competition, now face a sudden

Raychaudhury assumes charge as the new Director at RINL



Parbir Raychaudhury assumed charge as the new Director of RINL the corporate entity of Visakhapatnam Steel Plant. Prior to this assignment, Raychaudhury served as Executive Director (Transport & Shipping Department), Steel Authority of India (SAIL) in Kolkata.

A product of IIT New Delhi in Chemical Engineering, Raychaudhury started his career as Management Trainee in 1982 and worked in various key positions during his tenure. He successfully handled various commercial activities like; domestic Sales, International Trade, Warehouse operations, Retail sales, Transport & Shipping, Vigilance etc. He played a major role in drafting policy for dealership schemes for increasing the outreach of the products in the Rural areas and was responsible in implementing this initiative across the country. Initiatives like working with INSDAG were also taken up in projects for increasing the steel consumption in the hinterland / rural areas.

Raychaudhury worked in close co-ordination with the railways for undertaking large volume of movement of imported raw materials like coking coal/ lime stone through the railway system and gained good knowledge in the area of railway logistics during his previous tenure.