# Indian Companies Complaints about China's Dumping

A World Steel Dynamics report has put India ahead of most countries, except the CIS, on the cost curve. Yet the sector is reeling from cheap imports and high inventory levels, to the effect that the government recently imposed a 20 per cent safeguard duty on hot rolled coils for 200 days.

According to the January 2015 WSD data, the cost of production of hot rolled coils for India is Rs 22,336 a tonne, compared to $428 in China, $429 in South Korea, $448 in Japan against a global average of $418; CIS, however, is at $305 a tonne. These figures are just the production cost. Add to it, taxes, freight and finance cost, and the picture is not so rosy for the home steel-makers, claim producers.

For hot rolled coils, ex-plant price would be Rs 27,000 a tonne while the cost to consumer which includes freight and taxes would be Rs 32,000 a tonne. This huge cost push not part of the basic production cost increases India's vulnerability which producers in countries like China are taking benefits to dump their produce in Indian markets.

"Our internal freight is 2-3 times higher compared to China," Institute for Steel Development and Growth (INSDAG) director general, Sushim Banerjee, says. For instance, logistics cost from Vijaynagar to Delhi would be $60, for the same distance in China, a producer would be paying $18, says JSW Steel's director commercial and marketing, Jayant Acharya.

Tata Steel's former managing director, J J Irani points out "Most of the modern steel plants are shore-based as the cost of transporting ore in larger and larger carriers is much cheaper than hauling it over land in trains or in dumpers. Korean and Japanese plants are all shore based and they have no captive ore."

Then there is the cost of capital. "Most of the Chinese mills are state-owned that avail of loans at one to two per cent compared to a market rate of 4.6 per cent. Our market rate, on the other hand, is 10-12 per cent," Banerjee explained. No wonder, China is selling $80 a tonne below its marginal cost because it can afford to take that hit. Japan and South Korea, on other hand, are selling $150-160 below domestic price to push volumes.

Steel imports have increased primarily from China, Korea and Japan and after much lobbying a safeguard duty has been imposed by the government on hot rolled coils. While that may be the latest of the government's initiatives to protect the industry, over the past few months, there have been two rounds of import duty hike.

Steel producers however argue that it was hardly of significance given that it had no bearing on the countries with which India has free trade agreements like South Korea and Japan.

# Steel Producers Demand Reduction in Power Tariff

A delegation of steel manufacturers met Maharashtra Governor C. Vidyasagar Rao and sought reduction in power tariff for the industry.

The delegation from Wada region in Palghar district, led by Maharashtra Industries Minister Subhash Desai, met the Governor at Raj Bhavan here and sought reduction in power tariff, a Raj Bhavan spokesperson said.

The Minister requested the Governor to include backward parts of the rest of Maharashtra region, including Wada, in the purview of the committee that is proposed to be constituted to reduce power tariff for industrial units in Vidarbha and Marathwada to promote industrial development in those regions.

The Minister requested the Governor to include backward parts of the rest of Maharashtra region, including Wada, in the purview of the committee that is proposed to be constituted to reduce power tariff for industrial units in Vidarbha and Marathwada to promote industrial development in those regions. The delegation told the Governor that the steel industry in Wada employs one lakh workers and generates a sales tax of Rs 350 crore for the state. It pointed out that electricity constitutes 70 per cent of the raw material cost in steel manufacturing.

Members of the delegation told the Governor that due to non-availability of higher voltage and poor infrastructure in Wada, the cost of power per unit was higher than the per unit cost in Vidarbha and Marathwada.

They told the Governor that the electricity duty of 9.3 per cent is levied on these units. Mentioning that Wada faces tremendous competition from Daman, Silvassa and Gujarat, which offer lower electricity tariffs, the delegation said if state power utility's tariff reduction was not granted, all the industrial units will be shut. The Governor assured the delegation to look into the matter.