
Budget update - Steel sector budget wish list

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As the budget gets closer expectations from the steel industry are on a rise. Topping the agenda is the demand for an infrastructure status that would facilitate easy credit and tax benefits.

Mr Sheshagiri Rao joint MD and group CFO of JSW Steel said "We have asked for infrastructure status for the steel sector to attract investments. There is a total capacity of 60 million tonne."

The integrated steel producers like TATA Steel and JSW Steel have been asking for a safeguard duty on imports to protect their interest in the domestic market and two things to this effect are doing the rounds.

Sources said that a floor price of INR 27,000 on a tonne of HR steel import is expected this budget. An increase in steel import duty to 20% from 5% is also on the cards and an export duty on iron ore has been an old demand.

Mr B Muthuraman MD of TATA Steel said "We as an industry have invested a lot of money in setting up big projects and have asked the government to give us some protection. That's all we have asked from the government."

Well, scrapping of import duty on scrap prices is also recommended by the steel ministry along with a 15% ad valorem export duty on chrome ore. This will help the stainless steel makers like Jindal Stainless.

While the list is long, some safeguard on imports of steel is expected to come, which will be positive for the primary steel players but negative for end users of steel like the autos and white goods producers. But, what is expected to be negative is an increase in the excise duty from 8% to at least 10%, if not more.

(Sourced from profit.ndtv.com)

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