
CORSMA calls for more checks on HR prices

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ET reported that the downstream steel industry has urged the government to ask the main steel companies to furnish data to justify their price hikes. It has called for more fiscal and administrative measures to keep a check on steel prices.

The industry alleged that even though TATA Steel and SAIL had by and large retained the basic price of HR coil at INR 36,000 per tonne since May 2008, other producers including JSW, Essar Steel and Ispat Industries, which account for about 70% of HRC production, have increased prices by INR 7,000 since May.

CORSMA in a letter to Mr Ram Vilas Paswan steel minister said that the export duty had an instant impact on prices and the duty was removed after the producers vowed to roll back prices to INR 36,000.

CORSMA noted that the prevailing prices of HR coils were not based on production costs. It said that “SAIL and TATA Steel no doubt have some inherent cost advantage over other producers due to captive iron ore mines but it is by and large offset by new technologies and better product mix.”

CORSMA thinks that in any case, the price differential of INR 10,000 between the 2 groups of producers is unjustified. SAIL and TATA Steel had also been operating on high margins, ranging from INR 7,000 to INR 10,000.

According to CORSMA, the linkage of domestic HR coil prices to spot global export prices is illogical and highly detrimental to the national interests as the prevailing global export prices are highly speculative, fuelled by the mismatch between the supply and demand mainly due to the restrictions imposed by China and some other countries on HR coil exports to promote export of value added steel and manufactured goods.

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