

**Chairman's Pen**

*My dear fellow exporters,*

*The Council participated in a meeting held by Union Steel Secretary on August 18, 2008 where various issues pertaining to steel situation in the country were discussed. The Council pointed out that despite the export duty, steel prices have continued to increase. This apart, SME units have faced the non-availability of steel and it needs to be borne in mind 50% value added engineering exports is accounted for by the SME engineering units. Though SME units are not receiving steel from the main producers, the manufacturers are paying a minimum of 10% extra to traders. The Council has suggested that the main producers supply steel to SME units on the basis of recommendations of EEPC India. The Council has also pointed out the lack of transparency with regard to steel prices given that price hikes are not updated regularly on the website of PSU units. Some members also complained that the main producers have denied them steel products at lower price on the ground that they have already met the target. The pig iron consumers informed that when seeking the price quote, though the quote is given on the basis of fixed price, when they go to purchase they are asked to give a "counter offer", which is higher than the fixed price and only then they are supplied material. Further, the issue of imposition of export duty on value added products and problem of miss-classification by Customs Authority were also pointed to the steel secretary.*

*In its recommendation, the Council suggested that the export duty on the steel items should be increased to 25% for primary inputs like Billets, HR, CRC, Bars and Rods, Pig Wire Rod, Pig Iron, Sponge Iron. Further, main producers should not increase steel price as and when they feel like. The Council also suggested that there is a need to conserve scarce mineral resources and regulate prices of mineral resources. The Council requested the Government to set a floor price for export of steel products and domestic price should be below floor price.*

*The Council also mentioned that it is working on a National Raw Material Policy, which will be submitted to the Government for consideration shortly.*

*Yours sincerely,*

A handwritten signature in black ink, appearing to read 'Rakesh Shah'.

(RAKESH SHAH)