

Chairman's Pen



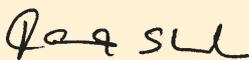
My dear fellow exporters,

On April 29, 2008, the Finance Minister Shri P. Chidambaram while replying to the debate on the Finance Bill in Lok Sabha announced a set of measures with a view to augment the domestic availability of steel products as well as soften prices. The Hon'ble Finance Minister mentioned that steel and steel products have contributed to about 21% of the current inflation in the country. The Government measures were two fold : it reduced the Customs Duty on pig iron and mild steel products, primary steel items, semi finished products etc as well as reducing the basic Customs Duty on three critical inputs for manufacture of steel, i.e., metallurgical coke, ferro alloys and zinc from 5% to nil. This was followed up by imposing an export duty of 15% on specified primary form and semi finished products, and hot rolled coils/sheets; 10% on specified rolled products including cold-rolled coils/sheets and pipes and tubes; and 5% on galvanized steel in coil/sheet form. For this purpose, a uniform statutory rate of 20% is being incorporated in the export Schedule and the aforesaid rates would operate through notification.

It may be mentioned that while notification for import duty has already come out, the Export Duty Notification is still to come out. This is because the Finance Minister's replies stated that while the changes in import duty rates will be effected from April 29, changes in export duty will come into effect on the day when the Finance Bill 2008 receives the assent of the President. While the statement of Finance Minister is rather clear, the Council has been receiving feedback from its members that the Customs Authorities are not allowing the export of a large number of steel based items on the ground that they do not have the notification with regard to export duty. This is, indeed, unfortunate, since the notification with regard to export duty is still to come out and will not come out until and unless the President of India gives her assent to the Finance Bill 2008.

The Council has also received feedback from certain members that steel pipes and tubes have also been included in the export duty when these are not raw material but value added products and there is no justification in putting an export duty on these items. Further as these items do not play any part in contributing to the inflationary situation in the country and also as there is no lack of supply of these products in the country, there is a need to rethink export duties on these items. The Council has taken up this issue with all the relevant ministries and we do hope that value added products will be excluded from the export duty notification once the President of India gives her assent to the Finance Bill 2008. It is believed that the Steel Ministry has already represented to the Finance Ministry in this regard.

Yours sincerely,



(RAKESH SHAH)