

Chairman's Pen



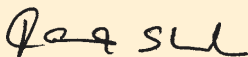
My dear fellow exporters,

The steel price hike by Rs. 3,000/- per tonne by the steel majors has evoked a large number of response from our members who have intimated the distress situation that they are in at the consequence of sharp escalation of steel prices. The Council has made a detailed representation to the Hon'ble Prime Minister of India, Steel Minister and the Commerce Minister analysing the trend in different categories of steel prices during the current fiscal year as well as how it has impacted on the competitiveness of engineering exporters. In its submission to the Government, the Council has suggested that the steel companies be requested to lower steel price by 15% in order to ensure that there is a parity between Indian steel prices and Chinese steel prices. Further, the Council has suggested that the import duty on billets, sheets and structural should be reduced to zero to lower domestic prices; iron ore export from India should be banned; the import duty of coal should be reduced to zero to ensure that steel companies can produce steel at lower production cost; the import duty on all metal scrap should be reduced to zero from the present 5% to create competitive conditions in the market. The Council has also suggested the setting up of a price monitoring mechanism with representatives from the primary producers of steel and user engineering industry and with officials from the Ministry of Steel and Ministry of Commerce to ensure that steel prices in India are not out of line with global trends.

While it is heartening to note that Hon'ble Steel Minister Shri Ram Vilas Paswan has urged the steel companies to lower the price, press reports indicate that the steel companies are reluctant to do so. It seems that an impasse like situation has arisen with regard to steel prices and the Government needs to intervene for export promotion.

The Council has also represented to the Reserve Bank of India that despite the libor rates having come down from 5% to 3.5%, the commercial banks in India are reluctant to lower the margin from 75 basis points plus libor for PCFC credit. The Council has suggested that margin to be brought down 50 basis points since the banks margin have gone up due to reduction in libor rates.

Yours sincerely,



(RAKESH SHAH)