

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:864
ANSWERED ON:31.07.2006
CUSTOMS DUTY ON STEEL ITEMS
Reddy Shri Karunakara G.

Will the Minister of STEEL be pleased to state:

- (a) whether the steel industry has requested the Union Government to increase the customs duty on seconds and defectives;
- (b) if so, the details thereof; and
- (c) the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF STEEL (DR. AKHILESH DAS)

(a) Yes, Sir.

(b) The Indian Steel Alliance in a letter to the Ministry of Steel has requested that in view of the recent surge in imports the duty on second and defective category of steel items should be restored back to 40%.

(c) The present customs duty on seconds and defectives steel is 20% and on prime alloy and non-alloy steel it is 7.5% and 5% respectively. At the present level of customs duty on seconds and defectives there is a sufficient duty differential of 15% in case of prime non-alloy steel and 12.5% in case of prime alloy/stainless steel. The Government feels that such a differential is appropriate to check large-scale imports of seconds and defectives. Moreover, there is significant domestic demand for seconds and defectives steel and any unreasonable duty barrier can have adverse impact on domestic availability and prices.