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BIR NEW DELHI: Indian government to remove import duties on ferrous scrap

The Indian government is aiming to eliminate import duties on ferrous scrap entering the country to aid domestic scrap-based steelmakers.

"We are working on the principle of for what we don't have in India, [so some] import [duties] will be lessened," Aruna Sharma, secretary of India's Ministry of Steel, said at the Bureau of International Recycling (BIR) meeting in New Delhi on Saturday October 14.

"For scrap, we are in the process [of bringing] this down to zero," he added.

One delegate at the conference told Metal Bulletin that the "removal of the duties could be announced in India's next national budget in 2018".

India currently has import duties of 2.50% on ferrous scrap and tariffs ranging from 2.50% to 5% on most non-ferrous scrap, delegates told Metal Bulletin.

The country imported 2.45 million tonnes of ferrous scrap in January-June 2017, down by 35.14% compared with the 3.74 million tonnes imported over the same period in 2016, due to the higher use of domestically sourced scrap and direct reduced iron (DRI), which are often far cheaper than the import material.

Despite declining imports this year, market participants expect to see a greater use of scrap to make steel in India in the coming years due to the government's desire for an expansion in electric arc furnace (EAF) and induction furnace steelmaking.

India's ministry of steel has set a target of achieving steel output of 300 million tpy by 2030-2031, compared with an output of 89.03 million in 2016.

Speaking on the sidelines of the BIR conference, delegates told Metal Bulletin that 50% of the increase was likely to be fuelled by the secondary steel sector including induction furnaces, ship-breaking and re-rolling of semi-finished products, while the rest was either yet to be decided or could be taken up by an expansion in blast furnace capacities.

Induction furnaces will be preferred by Indian steel producers due to the fact that they allow greater flexibility than EAFs in terms of the volumes of DRI and scrap used, one delegate said, adding that local DRI material can make up to 75-80% of the steelmaking mix in an induction furnace.

Along with the environmental advantages in expanding scrap-based steelmaking over the blast furnace route, there are economic reasons too, another delegate said.

"It takes about \$1 billion to set up a blast furnace in India – while it can cost about 20% of this to start an EAF or induction furnace," he said.

Around 55% of all steel produced in India today is through the secondary industry, while primary, blast furnace and basic oxygen furnace (BOF) makers constitute around 45%, according to BB Singh, chairman and md of Indian ferrous scrap export regulating authority MSTC.

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