

Govt hints at banning iron ore exportsSaturday, August 19,
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New Delhi, Aug 4: The government will consider banning iron ore exports, and auction the metal's reserves in the country to domestic steel producers, to prevent iron ore producers from making windfall gains, the Union Steel, Chemicals and Fertilisers Minister, Mr Ram Vilas Paswan said today.

The minister endorsed the proposal of the Associated Chambers of Commerce and Industry (Assocham), mooted to him by the president, Mr Anil K Agarwal for the above, while releasing the chamber's study on 'Steel cementing growth'.

The chamber has also proposed to put a 16 per cent excise duty on iron ore, arguing that this will add Rs 1,800-2,200 crore every year to the government kitty, adding that it should also provide incentives to make ore available in the country rather than allowing its liberal exports for windfall gains for certain mine owners.

More than 54 per cent of ore produced in India is exported, and over \$ 4 billion of gross sales are garnered by export of iron ore from the country. In the process, the iron ore producers are making a handsome profit of over Rs 1,000 per tonne, taking advantage of subsidised diesel for the transportation of iron ore for exports.

Mr Paswan advised the chamber to take up the issue, seeking a ban on iron ore exports at the highest political level and other senior functionaries in the Union Cabinet and Planning Commission, in view of sensitivity involved on the issue.

The study has urged the government to review its national policy, regarding iron ore exports and make it an excisable commodity, which should be non-movable in case of exports.

Mr Agarwal argued that iron ore mines owners are taking excess advantage of the liberal export policy of iron ore, and domestic steel producers could do a high value-addition in the domestically available iron ore and increase their steel production and contain the rising prices of steel.

With global steel pricing firming up and easing stocks, the domestic steel industry also witnessed a jump in the prices. In India, there is a huge demand for long products from the construction industry, which have witnessed a spike in prices.

The study also suggests that the government needs to facilitate availability of these raw materials by formulating and implementing a workable policy for granting leases/ownership of mines so that the cost of the mined resource and mining are comparable with the best in the world.

It is necessary that the iron ore reserves are auctioned to the steel producers like those of the coal blocks, it says.

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The government should handle the paucity of raw materials in a calibrated manner, and as a long-term solution focus on the mining sector where fresh investments should be infused in iron ore, coal and gas; and the existing resources be exploited to the fullest.

While India has only 13-14 billion tonne of iron ore reserves as compared to around 50 billion tonne in Australia, Brazil and Russia; the proven reserves of prime coking coal are only 4.6 billion tonne which translates to only 5 per cent of the coal reserves.

Demand for coking coal is expected to go up to 70 million tonne from 26 million tonne by 2019-20. Hence it is imperative to infuse investments in order to acquire iron ore and coal deposits abroad.

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