

# Industry seeks royalty relief

R. SURYAMURTHY

**New Delhi:** The country's steel players are demanding a reduction in the royalties on iron ore which will reduce their production costs to make them more competitive and also meet the government's ambitious target to produce 300 million tonnes (mt) by 2030.

Sources said the industry has approached the steel ministry to cut royalties, which will also benefit many other industries which used steel as an input such as cars and construction.

The royalty on iron ore fines is 15 per cent — one of the highest in the world — and the industry wants it reduced to 5 per cent to bring them on a par with other nations.

Steel ministry officials said the issue would be taken up at the highest level soon as it would incentivise manufacturing within the country.

In its annual report for 2019-20, the steel ministry said it had submitted a proposal

## HELPING HAND

- Industry wants royalty reduced to 5% from 15%
- Lower royalty and lower costs will make steel competitive
- Incentives required to reach 300mt industry target by 2030
- With virus hitting local demand, producers exporting to China

to its mines counterpart to reduce the royalty to 5 per cent from 15 per cent to incentivise the beneficiation (cleaning) and pelletisation of ore as well as reduce the stockpile of low-grade fines dumped at the mine heads.

The ministry in the annual report had warned the industry was facing challenges both in the short and long-term because of raw material security.

Iron ore and coking coal are the two key raw materials used for steel making.

India's steel industry.

Biswajit Dhar of the Jawaharlal Nehru University said, "The government should encourage value added exports as the shipment of raw material does not boost the atmanirbhar philosophy of the government. Steel is the mother industry and its encouragement would boost other sectors, especially at a time the country is trying to give an infrastructure push."

Steel ministry officials said the issue of royalty reduction would be taken up at the highest level soon as it would incentivise manufacturing in the country.

Though India has done well to emerge as the world's second-largest steel-maker, overtaking Japan, many challenges remain in achieving the ambitious target of 300mt in another 10 years.

Aggregate production is just 140mt. Achieving another 160mt of capacity will be an uphill task unless the Indian companies are able to increase their competitiveness significantly.