

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1026
ANSWERED ON:10.07.2009
EXPORT DUTY ON IRON ORE LUMPS
Reddy Shri Magunta Srinivasulu

Will the Minister of FINANCE be pleased to state:

- (a) whether the Federation of Indian Mineral Industries has urged the Union Government to lift export duty on iron ore lumps, key-input in steel making;
- (b) if so, the details of reasons cited by the Federation;
- (c) the reaction of the Government thereon;
- (d) whether tax barrier alongwith the high railway freight has out priced the ore in the global market; and
- (e) if so, the steps taken by the Union Government in this direction?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S. PALANIMANICKAM)

(a) Yes, Sir.

(b) In its representation to the Union Government Federation of Indian Mineral Industries have stated that India has one of the largest iron ore resources in the world and exports of iron ore are critical to ensure optimal utilization of the resources viz. lumps and fines. Citing that additional tax burden on the Indian iron ore exporters would marginalize Indian exports, Federation of Indian Mineral Industries have urged the Union Government to lift export duty on iron ore lumps.

(c),(d)and(e) Government's policy intent is to conserve this precious natural resource for domestic steel production. Consequently, a nominal export duty of 5% has been retained on the exports of iron ore lump. Prices are a function of several factors such as international demand and supply from competing sources and are not determined by taxes and local freight alone. There is no proposal, at present, to exempt iron ore from export duty.