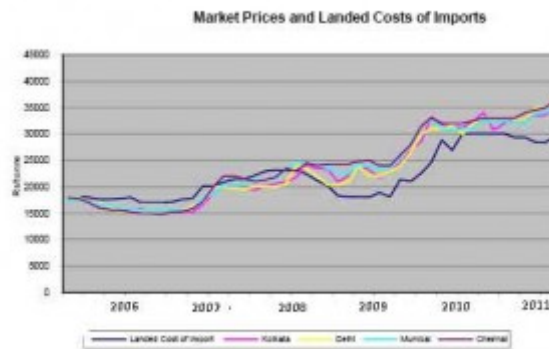




Domestic Prices & Landed Costs of HR Ferrous Metals in India

There is a noticeable connection between local prices of steel and the landed expenses of imports with correlation co-efficient calculated at a little above 0.88 in every example when observed between landed costs of imports and selling prices at Chennai is also at Mumbai on a yearly time series data covering a period of 2006 -2011 for a delegated product HR coils of 2 mm thickness. (Chart below).

Chart-1



Source: Joint Plant Committee

But, this relationship cannot be labeled to be very authentic particularly when the current era statistics are concerned (2010-2011). However, this association itself is not a subject to be of computation in the background of the competition strategy. It is merely when the steel manufacturers are appeared to be operating for a premeditated agreement to make circumstances to allow them to do so. One of the allegation in opposition to the steel industry, particularly those who manufacture HR Coils, is that they sell abroad yet at comparatively minimized prices to generate a synthetic scarcity in the local market, so that they can regulate their prices to the landed costs of imports or more.

The subject that exports were made at prices underneath those in the domestic market and more specially that exports were made at a net comprehension inferior to that could be had from the local sales of the similar products requires cautious assessment of the local import and export rates of steel commodities and particularly HR coils. A thorough simple examination of it could not be probable due to well recognized data restraints.

Steel Industry Statistics Publication. Kolkata, 2010-11.